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ABSTRACT

Effects of the first year of New York State's salary enhancement program for classroom and supervisory staff in licensed, not-for-profit child care centers, including Head Start, were evaluated. The evaluation was designed to help New York policymakers assess the effectiveness of this approach to improving child care staff recruitment and retention and to assess its strengths and weaknesses as a model. After a brief introduction, contents focus on background and related work, methodology, problems relating to recruitment and retention of staff before the salary legislation, funding recipients, funding use, program impact on recruitment and retention, program impact on low-income child care, and plans for sustaining the gains of the salary legislation. Evaluation findings suggest that early results of the legislation are promising. In New York City's subsidized day care centers, the only centers which had funding for a full year, turnover rates for classroom and supervisory personnel fell considerably. The allocation of funding across the state was accomplished equitably in accordance with the goals of the legislation. Conclusions are drawn and recommendations offered. An appendix details the evaluation methodology. The text is supplemented by 17 tables of data. (RH)

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Raising Child Care Salaries and Benefits

An Evaluation of the New York State Salary Enhancement Legislation

ED318578

by
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and Caroline Zinsser
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A Collaborative Report of the Bank Street College of Education and the Center for Public Advocacy Research

January 1990

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Copies of this report may be obtained for $10.00 from the Bank Street College of Education, Division of Research, Design and Policy, 610 West 112th Street, New York, NY 10025. For more information please call (212) 222-6700.

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EXECUTIVE SUMMARY

In 1988 the New York State legislature passed the New York State Child Care Salary Enhancement Act and approved $12 million to fund its implementation. The $12 million appropriation for the calendar year 1989 was for the enhancement of classroom and supervisory staff salaries and benefits in licensed not-for-profit child care centers, including Head Start. In addition, the Act sought to encourage counties to expand the supply of child care for children from low-income families, although no funds were provided for that purpose. The Act is one of only five statewide salary enhancement models across the nation.

This report is an evaluation of the effects of the first year of the salary enhancement program. The evaluation is designed to help New York State policymakers assess the effectiveness of this approach to improve child care staff recruitment and retention and assess its strengths and weaknesses as a model.

Problems before the Salary Enhancement Funding was Received

The news on recruitment and retention problems before the legislation was implemented was bad: center directors ranked the task of recruiting and retaining classroom and supervisory staff as "difficult." Turnover rates were high: exceeding 30% for teachers in most programs and reaching 57% for classroom aides and assistants in Upstate day care centers. This was not surprising given low staff salaries. Upstate Head Start and day care centers reported full-time teachers received $6.08 an hour on average; full-time assistants, $5.02 an hour; and directors, an average of $10.08 an hour.

Distribution

The $12 million funding reached a total of 10,270 full-time-equivalent (FTE) child care staff. On average, each FTE staff member received $1,238.24 in

compensation. The allocation of the funding was accomplished equitably across counties and program types statewide, in accordance with the goals of the legislation.

Upstate New York and partially subsidized centers in New York City did not receive the salary funding, on average, until May and June, 1989. New York City Head Start centers did not receive the funds until July, 1989. Accordingly, we can report only on the initial impact of the funds on these centers' recruitment and retention problems.

Impact on Recruitment and Retention

The early results of the legislation are promising. In New York City fully subsidized day care centers--the only centers which have had the funding for a full year --turnover rates for classroom and supervisory staff have fallen considerably: from 42% in December of 1987, to 32% in January 1989 and 27% in September 1989. In addition, teacher vacancy rates, a measure of recruitment difficulty, went from 27% in December of 1987, to 11% in January 1989, and then to 12% in September 1989. These changes suggest that funding distributed over the course of a full year can lead to substantial improvements in recruitment and retention.

Among the programs that did not receive the funding until later in the 1989 calendar year there is a promising trend toward reduced turnover, but the early results are still modest.

Impact on Low-Income Child Care

It is not clear whether the legislation has achieved its objectives to increase the number of spaces available for low-income children, to raise eligibility standards, or to increase the use of public funds for child care. If counties are expected to meet the rising demand to serve poor children with good quality programs, they will need more public child care funding to cover additional children as well as higher reimbursement rates for improved staff salaries.

RECOMMENDATIONS

Continue the Salary Enhancement Grants program allocation for not-for-profit child care centers at same level plus cost of living adjustments.

Centers need continued help to maintain the gains achieved in the first year of the grants program: given the current mix of private and public funding on which centers depend, it is not possible for centers to sustain the compensation spending levels without continued special funding from the public sector.

Gradually raise maximum reimbursement rates to centers serving subsidized children to levels that will cover the costs of salaries and benefits that attract and retain staff.

Centers that serve subsidized children cannot be expected to raise the necessary funding to sustain the benefits of the salary enhancement grants program to cover subsidized children. They will need to capture the gains they have achieved through increases in reimbursement rates.

Increase subsidized child care allocations to counties to levels that would enable them to provide subsidies to all families at or below 200% of poverty.

In FY 1989, most counties spent all of the state child care allocation available to them and yet did not serve all eligible children. Thus, if centers are to be expected to meet the rising demand to serve poor children with good quality programs, they need public funds to cover the cost of providing this care.

Allocate funding for technical assistance to not-for-profit centers designed to help them raise their revenues and reallocate funding from private and public sources to spend on compensation improvements.

Like many small businesses, not-for-profit child care centers which participated in the program could benefit from technical assistance to help them increase revenues or reallocate current funding from private and public sources to spend on improved staff compensation. These methods could improve centers' ability to pay for higher wages and extended benefits.

INTRODUCTION

In 1988 the New York State legislature passed the New York State Child Care Salary Enhancement Act and approved $12 million in funds for its implementation.

The Act presents the problem it addresses succinctly. It states that a "crisis exists in the availability and quality of child day care" that "poses a danger both to the welfare and safety of the children and to the productivity of this state's workforce." The purpose of the funds was to "provide assistance for recruitment and retention of child care workers" to address the problems of high turnover and high numbers of vacancies. These problems, the Act continued, have interfered "with the ability of day care centers to comply with regulatory requirements and to properly serve the children in their care."

The $12 million appropriation for the calendar year 1989 was for the enhancement of employee salaries and benefits in licensed not-for-profit child care centers. In addition, the Act sought to encourage counties to expand the supply of child care for children from low-income families, although no specific funds were provided for this purpose.

In its scope and complexity the salary enhancement legislation was a unique legislative effort. This national problem has seldom been the target of legislation--New York State's program is one of five statewide models across the nation. In its comprehensiveness the Act was a bold experiment to solve the dilemma of improving the quality of child care services while keeping them affordable for low-income parents. Among its unique features were:

a relatively large initial funding allotment, higher than any other state had previously allocated for child care compensation;

county level administration with discretionary control over certain aspects of funding;

apportionment of funds according to total numbers of teaching and supervisory staff, with weighting for services to low-income families;

coverage of Head Start programs as well as licensed, not-for-profit child care centers;

a requirement that programs must agree to accept subsidized children to be eligible for funding;

possibilities for raising family income eligibility standards;

a stipulation that steps be proposed to sustain enhancement gains;

inclusion of programs serving subsidized children or a mix of unsubsidized and subsidized children; and

a required comprehensive evaluation.

This report is an evaluation of the effects of the first year of New York State's salary enhancement program. Some programs had received the salary enhancement funding a full year before we concluded our evaluation. However, many centers had only received the funding relatively recently--just before we conducted our final assessments. Thus, we report on the implementation process and the preliminary impact of the funding.

The evaluation is important for several reasons: first, because New York State policymakers need to assess the effectiveness of this approach to the child care salary problem; and second, because the legislation serves as a model for other states and it is important to identify its strengths and weaknesses. The implementation of this legislation has provided an excellent opportunity to gather information that has significance for child care policies at the federal, state, and local levels.

The report is divided into eight sections. It begins with a review of related work and background on the salary legislation. Next we describe new data on the problems of recruitment and retention of child care staff in New York State before implementation of the Act began. The core of the report analyzes how the funding was spent and its impact on child care staffing both for those centers that have had the funds for a full year, and those that have received the funds relatively recently. We also analyze the impact of the legislation on the supply of low-income child care. The report ends with an overview of plans for sustaining the gains of the legislation and our conclusions and recommendations.

BACKGROUND AND RELATED WORK

Low Compensation as a National Problem

Low child care staff compensation is a nationwide problem. The U.S. Department of Labor (1986) shows that child care workers in schools and day care centers have a median annual income of $9,464. Many workers report that they regularly work overtime without pay and even contribute their own money to supplement the underfunded supply budgets of their centers (Pemberton, 1987). The National Committee on Pay Equity (1987) reports that child care is the second most underpaid occupation, after clergy, and that fewer than half of child care workers receive benefits (e.g. paid health insurance).

Day care workers' low earnings place them at a salary level with dishwashers, parking lot attendants, and animal caretakers. As a result, the percentage of workers leaving their child care jobs was 35% in 1986-87, an occupational rate matched only by occupations such as gas station attendants and waitress and waiter assistants (U.S. Department of Labor, 1986). In addition, many workers shift workplaces but stay within the field; a phenomenon not figured into the Department of Labor rates.

The National Child Care Staffing Study, which collected data from 227 child care centers in five cities, found an average hourly wage for teachers of $5.35. Wages, when adjusted for inflation, had dropped by more than one-fifth over the last decade. The study also found an annual teacher turnover rate of 41%, with teachers earning the lowest wages twice as likely to leave their jobs as those earning the highest wages (Whitebook, Howes, and Phillips, 1989).

New York Child Care Worker Salaries and Benefits

Three reports were influential in the creation of the salary legislation. In 1986 the Center for Public Advocacy Research conducted the first statewide survey of day care worker salaries and benefits (Zinsser, 1986).

With funding from the New York State Department of Social Services, the Center tabulated data from 451 day care centers, Head Start programs, and nursery schools representing a combined total of 4,844 employees. The research findings

correlated staff and program characteristics, job categories, geographic areas, and hourly wages and benefits.

The results were striking and reflect the national statistics. In New York State (the balance of the state, exclusive of New York City), head teachers earned an average of $5.33 an hour and classroom aides $3.80. Wages were highest in New York City, with teachers earning an average of $9.14 per hour and aides $5.85.

According to the study, most child care employees in New York State had very little child care experience. More than half of all head teachers and 83% of all classroom aides had been on staff three years or less. Experience was not consistently rewarded. Average wages did not increase steadily with years of service.

New York child care workers received few work-related benefits. Only 54% of all programs provided individual health coverage, 26% provided family coverage, and 19% provided dental coverage. Moreover, fewer than one in five provided retirement plans and life insurance. Less than half made yearly cost-of-living adjustments in salaries.

Turnover was high. The turnover rate for head teachers was 40% across the state--whether in rural or urban counties (including New York City). In general, it was found that as wages increased, turnover decreased and that the most frequently cited reason for staff's leaving was to find a better-paying job. Directors reported a growing shortage of qualified applicants to fill vacancies.

Also in 1986 the New York State Commission on Child Care submitted its final report to the Governor, Hard Questions/Straight Answers: Child Care Policy for New York State. The report cited low child care staff compensation as a barrier to improving the quality of services and called for increased benefits, pay parity within school districts, standard job nomenclature, and career ladders.

In response to escalating problems of turnover and vacancies, in 1987 the Bank Street College of Education conducted a survey designed to understand differences in recruitment and retention among New York City's public schools, Head Start and publicly funded day care (Granger and Marx, 1988). The analysis was based on a randomly drawn sample of 559 teachers working with three-to- five-year-old children in these three systems of publicly funded early childhood programs.

The report revealed that fully certified teachers' average annual salaries of $19,365 in publicly funded day care and $19,108 in Head Start centers were almost $14,000 less than salaries in Board of Education programs, mainly as a result of differences in salary schedules. Consequently, child care teachers rated salary and professional prestige the least satisfying aspects of their jobs, and as many as 42% of the teacher positions in publicly funded day care and Head Start were either vacant or turned over each year.

Effects of Low Compensation on Quality of Care

In addition to being an issue of fair and decent employment, low compensation for child care staff affects the quality of child care services and the affordability of services for working parents. Although programs of high quality may differ in their descriptions, three components have been identified by research (Phillips and Howes, 1987; Willer, 1988) as correlates to quality. These are: group size and adult-child ratios based on the age and needs of children; teacher training specifically related to child development and early childhood education; and the continuity and stability of child care staff. Each of these quality factors is related to compensation (Clarke-Stewart and Gruber, 1984; Cummings, 1980; Granger and Marx, 1988; Howes and Stewart, 1987; Pemberton, 1987; Ruopp and Travers, 1982; Zinsser, 1986).

Group sizes and adult-child ratios for child care programs in New York State fall within acceptable ranges according to research. But these ratios create larger payrolls, making it difficult to pay decent wages without raising parent fees or receiving larger public subsidies. Highly trained staff typically command higher salaries. If the staff enters with lower levels of training, in order to maintain a skilled staff, money has to be found in program budgets to provide inservice training or teachers must be paid higher wages to compensate them for the expense they incur obtaining the training on their own.

The problem of staff instability is more complicated than the well documented problem of the loss of large numbers of people who leave their jobs every year. Staff who leave are not immediately replaced, causing vacancies for sometimes as long as months, and replacements are often noncredentialed and less qualified (Granger and

Marx, 1988). Teaching positions may be filled during vacancies by rotating substitute teachers or by nonteaching staff such as bus drivers and cooks. Sometimes children must be moved from classroom to classroom to meet ratio requirements. Directors spend inordinate amounts of time trying to locate and train new staff while experienced staff suffer from the additional stress of orienting newcomers (Pemberton, 1987; Zinsser, 1986).

Inevitably, high turnover rates affect children (Clarke-Stewart and Gruber, 1984; Cummings, 1980; Howes and Stewart, 1987). Whitebook, Howes, and Phillips (1989) found that children attending lower quality child care centers and centers with more teacher turnover were less competent in language and social development. Using rating scales (see note 1), they found that children in centers with higher turnover rates spent less time engaged in social activities with peers and more time in aimless wandering.

Research has found that programs that spend high percentage of their budget for salaries are of better quality. Olenick (1986) found that programs at the lower end of quality measures spent no more than half of their income on staff while programs at the high end spent closer to two-thirds. Howes, Pettygrove and Whitebook (1987) reported that programs with a larger share of their expenditures devoted to staff reported lower turnover rates and shorter delays in finding substitutes and replacement staff. Whitebook, Howes, and Phillips (1989) found the most important predictor of staff turnover, among adult work environment variables, was staff wages.

The Problem of Affordability

Obviously, salaries must be increased to maintain quality, but raising salaries has the potential of raising fees beyond what many parents can afford. The dilemma for public policy is to find a way to raise salaries while keeping child care affordable. Because salaries and benefits are the largest category in program budgets and many budgets are largely supported by parent fees, salaries are held down to keep fees affordable. In programs that are subsidized directly with public funds for child care spaces, the reimbursement rates are often insufficient to cover the actual cost of care and act as a depressant to wages (New York State Commission on Child Care, 1986). As a result, low paid child care workers in effect support a public service through their

own low pay (Zinsser, 1986).

Ruopp and Travers (1982) laid out the issues of "quality tradeoffs"--the problem of achieving an acceptable balance between cost of care, quality of care, and wages paid to caregivers--and argued for increased funding for day care from both public and private sources through government support and tax relief. Strangis and Horn (1986) also examined this problem. They looked at the feasibility of parents bearing the cost of increased wages for child care if child care workers were paid according to principles of comparable worth. Their conclusions paralleled Ruopp's. They, too, proposed legislative strategies but they specifically suggested that funds should be used to increase child care workers' salaries.

The New York State Salary Act

Using research and their daily experience as a basis for their efforts, a network of New Yorkers concerned about child care worked together to solve the child care compensation dilemma (Marx and Granger, in press). There was a dearth of models of salary legislation (only four other states had instituted state salary initiatives--Alaska, Connecticut, Massachusetts, and Minnesota: see note 2 for more information). But together advocates, child care workers, program administrators, and others joined with policy makers starting in 1986 toward the enactment of legislation and appropriation of state funds for child care worker salary enhancement. The child care community worked with policy makers to formulate guidelines and to find equitable ways of addressing variations in the structure and funding of child care across the state. For example, how should the legislation treat centers that serve low-income children but do not receive public subsidies? As a result of these joint efforts, the legislature in 1988 passed the New York State Child Care Salary Enhancement Act.

The New York State legislature appropriated $12 million for calendar year 1989 and an additional $4 million to extend the program to March 31, 1990. There is no guarantee of funding for fiscal year 1990 and beyond.

METHODOLOGY AND BACKGROUND ON SUBSIDIZED CHILD CARE

Methodology

Data for this report came from five sources. First, we conducted three mail surveys of child care center directors across the state. Second, the State Department of Social Services provided us with six databases of information. These databases contained the answers from the 1086 centers that submitted applications for salary enhancement funds. Third, the State Department of Social Services provided us with the completed plans which counties submitted as a part of the application process for participating counties. Fourth, we conducted a mail survey in October of all county social service administrators. And fifth, we conducted site visits to four counties to interview in-depth various individuals involved in providing and using child care: county social service administrators, resource and referral agency staff, center directors, teachers, and parents. (For a complete description of our instruments and procedures see Appendix I and II.)

We surveyed center directors, with the exception of New York City Head Start, three times in 1989: once in January, once in May, and a third time in September. We did not survey the New York City Head Start centers in January because they were in the midst of union contract negotiations. The January survey was designed to assess recruitment and retention *before* the effects of the salary legislation, and the May and September surveys were designed to assess the impact *after* centers had received funding.

We sent each survey to 811--75%--of the not-for-profit centers that participated in the salary legislation. This included 432 centers in New York City and 379 centers located outside of New York City. (Because our samples are divided between those centers and counties inside New York City and those outside of New York City, we have selected the term "Upstate" to refer to all centers and counties located outside of New York City--this includes counties such as Nassau, Suffolk and Westchester counties who ordinarily might not be included in this category). The New York City sample included 262 mostly unionized centers that were fully subsidized by the Agency for

Child Development (called "fully subsidized day care" throughout this report); 100 fully federally subsidized mostly unionized Head Start centers; and 70 day care centers that served both fully private fee-paying and publicly subsidized families (called "partially subsidized day care" throughout this report). The New York State sample included both Head Start centers and centers serving some or all subsidized children.

Responses to our May survey were insufficient (22% to 34%) to draw conclusions; therefore we do not report those survey results in this report. Our January and September response rates were high (ranging from 47% to 64% for different program types across the two surveys) and form the basis of our analysis.

Both qualitative and quantitative research methods were used to compile the data and analyze its implications. By using this combination, we hoped to provide a more comprehensive picture of what happened and specific instances of how it happened.

Subsidized Child Care in New York State

Since the salary legislation also sought to increase subsidized child care slots, we think it is useful to describe the current system of subsidized child care in New York State (Ward and Porter, 1989).

The largest dollar amount of direct public subsidy of child care for poor and low-income families is the federal Social Services Block Grant, which the state passes through to counties for a wide range of services including child care. Local social service districts (typically the size of a county, and therefore we refer to them as counties throughout the report), can use the funds to provide child care to families who meet income and other eligibility guidelines. The Low-Income Day Care Program makes available state funding for teen parents attending school, parents coming off welfare, and families earning below 200% of the federal poverty level. In addition, the federal government provides subsidies to centers to provide the Head Start program both in Upstate counties and New York City.

Because the provision and amount of subsidies for child care depends on local discretion and financial commitment, the availability of subsidies varies among counties. Counties that have a commitment to child care for low-income families and

the ability to support it participate in the child care programs; others that lack this commitment or are unable to provide the necessary funds do not. In 1982, for example, when the state lost 20% of its Title XX funds, many counties eliminated their Title XX child care altogether. Since the establishment of the state Low-Income Day Care Program in 1984, programs have been reestablished in all but one county.

Counties use this child care funding in different ways to provide care. In New York City, the Agency for Child Development is the local New York City division of the department of social services responsible for child care. In the majority of cases, it contracts with not-for-profit centers as well as family day care providers to purchase all of the spaces in their program for subsidized children (e.g. "fully subsidized day care"). In a small number of cases, it also contracts for a limited number of spaces in a program, generally fewer than half (e.g. "partially subsidized day care"). In addition, the City has a small program that allows eligible families to use a voucher to purchase care from approved centers. Families whose incomes are below the poverty level do not pay a fee; families above the poverty level but within the local eligibility guidelines pay on a sliding scale based on their income. Law requires the State Department of Social Services to establish a statewide sliding scale fee formula that all counties must comply with.

Counties located outside of New York City also purchase spaces in day care centers or family day care homes for families who are eligible for subsidized care. They, too, require families with incomes above the poverty level to pay a fee. Unlike New York City, however, Upstate counties generally contract for spaces on a case by case basis: they do not purchase all of the spaces in a single program.

As with other child care programs, county participation in the legislation was optional. The Act provided for 100% state funding, including funding for local administration of the program. It is in part the diversity and variability of administration and funding of subsidized child care that led the legislature to adopt a grants program. Our sample selection was influenced, in part, by this diversity to evaluate the effectiveness, efficiency and equity of the salary legislation for different program types.

PROBLEMS RELATING TO RECRUITMENT AND RETENTION BEFORE THE SALARY LEGISLATION

Center Director Ratings of Recruitment and Retention Problems in January 1989

Centers in Upstate New York and New York City were asked in January to report how difficult it was to recruit and retain teachers, supervisors and classroom assistants and aides (referred to throughout the report as assistants). They were also asked how much they believed the salary enhancement funding would help with recruitment and retention and whether it had helped them to date. We do not report the ratings of New York City fully subsidized day care because they had already settled a union contract and we could not determine if their remarks reflected the time frame before the contract was negotiated or after it was settled.

All types of centers reported on average that it was difficult to recruit and retain staff (see table 1). However, differences existed among the program types: New York City partially subsidized and fully subsidized day care, New York City Head Start, Upstate day care and Upstate Head Start.

Recruitment. All program types found it very difficult to attract teachers and difficult to attract supervisors. Assistants were neither particularly difficult nor particularly easy for most programs to attract.

Although the salary enhancement program had been passed in July 1988, as of January 1989 centers had not noticed any change in their ability to recruit teachers. This is understandable, since these programs had not yet received any funding. It also supports our assumption that the January survey was assessing the status of programs *before* the effects of the salary legislation could be felt.

Retention. On average, all program types found it difficult to retain teachers, with Upstate Head Start centers having the greatest difficulty. Likewise, all programs found it somewhat difficult to hire supervisors. The programs diverged in their ratings of difficulty to retain assistants: New York City partially subsidized day care centers found it a little easier than average, whereas Upstate day care centers and Head Start centers found it as hard as retaining teachers.

Table 1

Center Ratings of Recruitment and Retention
Problems in January 1989

	NYC Partially Subsidized Day Care	Upstate Head Start	Upstate Day Care
Difficulty Recruiting*			
Teachers	4.3	4.3	4.2
Administrators	4.0	4.0	3.8
Assistants	3.0	3.2	3.6
Changes in Difficulty ** to Recruit	3.1	3.1	3.0
Difficulty Retaining*			
Teachers	3.4	4.1	3.5
Administrators	3.0	3.6	3.1
Assistants	2.8	3.5	3.5
Changes in Difficulty to Retain**	2.9	3.2	2.8
Likelihood of Helping with Recruitment and Retention***	3.6	3.5	3.5
Teachers	3.4	3.1	3.2
Administrators	3.7	3.5	3.5
Assistants			

* Center directors were asked to rate the difficulty they were having on a scale of 1-5 (1= very easy; 5= very difficult).

** Center directors were asked to rate changes on a scale of 1-5 (1= less difficulty now; 5= more difficulty now).

*** Center directors were asked to rate likelihood on a scale of 1-5 (1= will help a lot; 5= will not help).

Likelihood the Funding Would Help. Across the board, centers were moderately convinced that the salary funding would help with recruitment and retention. Upstate day care and Head Start centers were a little more optimistic about the extent to which it would help recruit and retain teachers and classroom assistants as compared to supervisors. New York City partially subsidized centers felt it would help all groups equally.

Overall, New York City and Upstate centers reported that the labor market for recruiting and retaining teachers was very difficult; that the market was somewhat less difficult for recruiting supervisors, and varied in difficulty by region for recruiting and retaining classroom assistants and aides. The center directors stated that their ability to attract and hold staff would be improved by this legislation. Their written comments, however, indicated that they were concerned that any improvements would only be marginal and temporary if the funds were only available for one year.

Turnover Levels in January 1989

We calculated 1988 calendar year turnover and vacancy rates and the duration of these vacancies for each center, using the responses to questions about numbers of staff currently and formerly employed by each center. Turnover rates provide a numeric picture of the difficulty centers were having retaining staff. By contrast, vacancy rates and the length of time the positions were open provide a picture of how difficult it was for centers to recruit staff (see table 2).

All Upstate day care and Head Start centers as well as New York City partially subsidized day care centers had high turnover rates for classroom and supervisory staff in January. Upstate and New York City day care centers had the greatest difficulty retaining teachers, with rates hovering around 40%. Classroom assistants were also very hard to retain, especially for Upstate day care centers who had a turnover rate of 57% last year. Finally, about 30% of supervisory positions turned over last year.

The turnover rates reported in January by New York City fully subsidized day care centers reflect the early effects of the union contract which determined their use of the salary enhancement funding. The 32% turnover rate reported for teachers, while

Table 2

January 1989 Turnover Rates
by Program Type*

	New York City Fully Subsidized Day Care	NYC Partially Subsidized Day Care	Upstate Head Start	Upstate Day Care
Percent of Turnover in each Center				
Teachers	32	37	28	40
Supervisors	23	27	30	30
Assistants	30	36	29	57

* Turnover rates were calculated by dividing the number of staff that have been employed by a center less than one year plus the number of staff vacancies by the total number of staff positions, for each category of staff.

still relatively high, was a marked improvement over the 42% turnover rate a year earlier (Granger and Marx, 1988). For supervisors and classroom assistants we do not have numbers from one year ago, but rates of 23% and 30% respectively are better than Upstate day care and partially subsidized day care in New York City.

Vacancy Levels in January 1989

Once we had determined the extent of retention problems across the state, we looked at January 1989 vacancy rates to determine how difficult it was for centers to recruit new staff to fill positions that had opened up (see table 3). (Vacancy rates are only for the specific date of our January survey; they do *not* reflect all staff vacancies that a center has had over the course of the year.)

Both Upstate day care and Head Start centers as well as New York City partially subsidized day care centers reported vacancy rates between 4% and 6% for most classroom and supervisory staff. Upstate day care centers differed only slightly, reporting rates as high as 8% for classroom assistants and aides, and as low as 2.6% for supervisors. While some vacancies ought to be expected at any point in time, rates of 4% to 8% are higher than is desirable for programs serving young children. This is because of children's need for a stable set of caregivers and because these positions are probably being filled by a changing set of substitutes or poorly qualified temporary staff (Granger and Marx, 1988).

The magnitude of the vacancy problem was compounded by its prevalence. Among New York City partially subsidized day care centers and Upstate Head Start centers about 20% of programs reported at least one teacher vacancy when we surveyed and about one in five had at least one classroom assistant vacancy. For Upstate day care centers, almost 25% reported at least one teacher vacancy and 35% reported at least one assistant vacancy. The problem for supervisors was less severe, with 6% to 15% of centers reporting at least one position vacant. But this indicates many centers were operating without stable supervision as well as without stable classroom staff.

According to our data, these positions remained open for a significant period of time. The average duration was one month for classroom assistants. Teacher vacancies averaged five weeks in all Upstate centers and ten weeks--well over two months--in

Table 3

January 1989 Vacancy Rates and Duration*

	New York City Fully Subsidized Day Care	New York City Partially Subsidized Day Care	Upstate Head Start	Upstate Day Care
Percent of Position Vacancies in each Center				
Teacher	11.7	6.4	4.1	4.7
Supervisor	5.2	4.4	5.5	2.6
Assistant	6.4	4.5	4.3	8.0
Percent of Centers with at least one Vacancy				
Teacher	43	21	18	24
Supervisor	12	10	15	6
Assistant	38	23	22	35
Average Duration of Vacancies (in weeks)				
Teachers	21	10	5	5
Supervisor	19	8	11	5
Assistant	10	4	4	4

* Vacancy calculations are based on the number of positions in a center that were temporarily filled while a center sought a permanent staff member.

New York City partially subsidized day care centers. Supervisor vacancies averaged five weeks in Upstate day care centers and close to two months in Upstate Head Startand New York City partially subsidized day care centers.

New York City fully subsidized day care centers had agreed to a new contract only a few months before the January survey reached them. As a result, the vacancy rates reported here appear to reflect an early snapshot of the effects of the salary legislation as reflected in the union contract.

Vacancy rates were *down* from a rate of 27% reported in December 1987 to 12% for teachers in unionized day care centers. But this rate was still high and New York City fully subsidized centers ranked highest among all centers in terms of the incidence of vacancies: 43% of these centers reported at least one teacher vacancy. In addition, the duration of these vacancies was disturbingly longer than for any other program type: teacher vacancies averaged *five months* to fill.

Vacancy rates for supervisors and assistants in these centers were among the highest in the state: 5% and 6% respectively. The problem was is widespread: 38% of centers had at least one assistant vacancy and these lasted an average of two and a half months; supervisor vacancies lasted an average of *four and a half months.*

January Turnover and Vacancy Rates Considered Together

Early childhood programs across the state showed several patterns in recruitment and retention problems in January. First, teachers and classroom assistants left at a faster rate than supervisors. Second, teacher and classroom assistant positions were more likely to be vacant than supervisor positions in all program types, but the vacancy rates were lower in Upstate Head Start and day care centers than in New York City centers.

These patterns suggest two different labor markets. Upstate centers experienced more staff in and more staff out, meaning they could find people relatively quickly (fewer and shorter vacancies) but these staff left quickly (higher turnover). New York City centers were in a tight labor market where it was hard both to get and keep staff, but the process took place more slowly: it took a while to find staff (high level of vacancies with long duration) but they stayed a little longer (more moderate turnover).

In our evaluation of changes in recruitment and retention, we explore the reasons for these differences.

Staff Salaries Prior to the Salary Legislation

Salary information is important for several reasons. First, it gives us a glimpse of where early childhood programs staff salaries fit into the larger labor market. Second, it provides a perspective on the amount of funding received by centers for each staff member. Third, national research released this year has given us more concrete data on the relationship between the percent of a center's budget spent on staff compensation and the quality of care in that program (Whitebook, Howes and Phillips, 1989).

Upstate Centers. The October 1988 salaries reported by 226 Head Start and day care centers in Upstate New York offer a picture of the average staff salaries (see table 4). Full-time teachers received an average of $6.08 an hour; full-time assistants an average of $5.02 an hour; full-time aides an average of $4.57 an hour; and directors an average of $10.08 an hour. A teacher working full-time 50 weeks a year earned only $11,668 annually, not far above the 1988 poverty threshold for a family of three of $9,431. (Note that 753 (75%) of the 999 teachers for whom we have data worked full-time.) Full-time assistants and aides earned annual salaries under the poverty level for a family of three.

Two characteristics stand out in these average wage rates. There was very little difference in salaries among teachers, assistants, and aides. Substitutes received by far the lowest average hourly wage, which certainly contributes to the severe shortage of substitutes reported by many centers. Second, other administrative and support staff typically received salaries somewhere above teachers and assistants but below center directors. However, these other center staff had the lowest weekly earnings since they generally do not work full time.

These wages are similar to wages reported in other studies in New York State and around the country. As previously mentioned, Zinsser reported wages for head teachers of $5.33 an hour and for classroom aides of $3.80. Since our sample included only not-for-profit centers serving children six or more hours a day, it is different from

Table 4

Salaries in Upstate Day Care and Head Start Centers
(October 1988)

	Position	Average Hourly Salary (in dollars)	Average hrs. per Week	Average Weekly Salary (in dollars)
Director		10.08	31.8	310.62
Asst. Director		7.88	34.1	261.11
Education Director		9.88	29.5	279.90
Teacher	Full-time	6.08	38.5	233.35
	Part-time	6.20	18.1	129.29
Assistant	Full-time	5.02	19.2	195.88
	Part-time	4.77		93.94
Aide	Full-time	4.57	38.5	174.84
	Part-time	4.24	18.5	82.17
Substitute		4.28	10.6	91.66
Bookkeeper/ Accountant		8.32	16.5	131.39
Social/Family Worker		7.72	25.7	174.10
Secretary		6.44	23.1	144.05
Driver		5.78	26.5	153.40
Cook/ Nutritionist		5.69	27.1	149.45
Custodian		5.33	18.3	103.91

Zinsser's sample of all types of early childhood programs. If we assume the samples are broadly comparable, it would appear that wages are only just keeping up with inflation in these centers (see note 3). These low wage rates continue to place child care workers' earnings in Upstate New York at or below the level of fast-food counter workers, dishwashers, and parking lot attendants.

New York City Centers. The salary situation was quite different in New York City, although salaries were still very low relative to the higher teacher certification levels required in New York City centers (see note 4). We did not have separate salary data for New York City partially subsidized day care centers; however, earlier research indicates salaries are higher than in Upstate centers but lower than salaries offered by unionized fully subsidized day care and Head Start centers in New York City and far lower than wages offered by the City's Board of Education--their main sources of competition for classroom staff (Granger and Marx, 1988; Zinsser, 1986).

We know more about salaries in fully subsidized day care and Head Start centers because of their union contracts and earlier research (Granger and Marx, 1988). Before unionized centers signed their contracts which included provisions for spending the salary enhancement funding, starting teacher salaries in both programs were $18,500 annually ($11.74 an hour for day care, $11.81 an hour for Head Start). But the salary scale was almost entirely flat. A certified teacher with a master's degree and ten years experience only earned $19,301 in day care and $19,800 in Head Start.

Because fully subsidized day care and Head Start teachers were required to hold similar qualifications as teachers in the New York City public schools--full teacher certification--those Board of Education programs serving three-to-five-year-old children (e.g. prekindergarten, Project Giant Step) were the main source of competition with these centers. Salaries for teachers employed by programs at the Board of Education were much higher than for fully subsidized day care and Head Start programs: starting salaries were $20,000; a teacher with a master's degree and ten years experience earned $34,682. Thus, day care and Head Start centers faced severe competition from the Board of Education. Partially subsidized day care centers faced competition from all three publicly funded programs: fully subsidized day care, Head Start, and public school-based programs.

Local Assessment of Recruitment and Retention Problems Prior to Funding

Quality of Programs. On the basis of our surveys, we measured quality of programs before the salary legislation by information on turnover and vacancy rates. The reality behind these rates was illustrated by accounts we collected during field visits. People often told us stories of how difficult it is to staff programs. We were told of an advertisement for a teacher that ran two weeks and received no replies, of a center that lost five of its ten staff members over the course of the previous summer, and of directors who had been filling in for classroom teachers because no one else could be found. An Onondaga director said she had lost so many people that she felt "like an employment agency." A Head Start administrator in Nassau said that when directors see a white envelope from a staff member "their hearts begin pounding" thinking it will be a resignation.

Center directors not only described the difficulty of recruiting and retaining staff but also how staff qualifications were dropping because wages were too low to attract more qualified people. Centers have had to employ directors with no classroom experience. Classroom teachers who used to be certified are now required only to have a bachelor's degree. In other cases, teachers with four years of college have left to be replaced by teachers with only two years of college. Low salaries have resulted in lowered standards for hiring. Centers have been forced to hire high school graduates with no training in their entry-level positions. In Ulster county, we were told, directors are apt to be the only credentialed staff members. Even two years in early childhood education is rare for classroom teachers; most are high school graduates with perhaps three years of experience.

Each year brings a new cycle of hiring and training staff. Directors complain that all their time goes into this work instead of developing the program. "It's not only time consuming but it's demoralizing for the rest of the staff," said one weary director.

Local Labor Market Conditions. Recruitment and retention are, of course, influenced by local labor market conditions. Administrators described two separate labor markets for child care workers. The first is the labor market of jobs for those

workers who seek work with young children. The other is the larger labor market of jobs for those workers who seek higher wages regardless of whether the jobs involve work with children.

For those staff members who are committed to working with young children, the main competition (for those who are qualified) is public school teaching where the pay is greater for fewer hours and a shorter year, and where the benefits are more generous. Program directors commonly complained that their most highly qualified staff had left for public school teaching positions. Qualified staff who are bilingual, who have taught low-income and minority children, and who are minority themselves, are in great demand by public schools, especially in prekindergarten programs. (In Buffalo, where courts have ordered the school system to hire minority teachers, demand for black teachers is greater than the supply.) Child care aides or assistant teachers can earn slightly more as public school aides, but these positions are scarce.

Staff members can also move between child care programs, but local programs vary only slightly in their pay scales, and workers often want to work at centers nearest their homes. In general, Head Start centers outside of New York pay higher wages than day care centers, but the Head Start locations in low-income neighborhoods may cause them to be seen as less desirable as places to work. In Onondaga county a common career ladder for early childhood education professionals is from entry-level as teacher's aide in a day care center to Head Start classroom staff to public school teacher. (Head Start teacher assistants often make more than public school classroom aides.)

In the child care field, where all wages are low, small differences in compensation may attract workers and counteract turnover. One Head Start administrator, for example, described her program as "the best deal in early childhood." She explained that all her four-year-college graduates in early childhood education had already left for jobs in the public schools, and since the staff that remains has only two-year college degrees or Child Development Associate credentials, they feel they "can't go anywhere else." A Salvation Army center director made a similar comment. She said she had no clear cut picture yet of how funds will affect her recruitment and retention but that her staff already consider her a good employer by child care standards. "They're not eligible for public school positions," she said, "because they

don't have the credentials. And if they want to be in child care, they can't do much better."

The jobs most often mentioned as competition for those child care workers who are not committed to working with children are in fast food. Teachers in Erie county compared their hourly wages ($4.10 to $7.30) to Pizza Hut, where workers earn $8.00 an hour. Directors reported that staff members had also left for other higher-paying jobs in the service industries, such as health aide, housekeeper, grocery store clerk, and bar hostess.

The staff most often cited as being especially vulnerable to leaving were single parents. When women holding low-level child care jobs were also heads of households, they would seek other employment even if it paid less than $1.00 an hour more. In Erie we heard, "People will go anywhere else they can make a little more. In the $4.00 and under range, getting a job that pays $3.65 instead of $3.35 is a big percentage increase." Some directors divide their staffs into two groups, a core that is committed to the program and will probably stay and another "revolving door" segment that is likely to leave.

WHO RECEIVED FUNDING

Distribution of the Funds

The salary legislation included a distribution formula which allocated funding to counties with high populations according to the county's proportion of children under six and the county's percentage of low-income child care reimbursement claims. For smaller counties the allocation was based on their share of licensed not-for-profit child care center capacity in the state. Five percent of the funding allocation was set aside to cover administrative costs.

Within each county, 40% of the funding was allocated according to each centers' number of full time equivalent (FTE) child care staff, 40% of the funding was allocated according to each centers' number of children from families at or below 200% of the poverty level, and 20% was allocated according to county discretion to some or all eligible centers in a manner to further improve recruitment and retention. (A full time child or staff member is one who is in care or works for six hours or more a day; the percentage of full time is based on the ratio of the actual hours a part time child or staff is at the center to six hours.)

Describing the distribution of the funds for recruitment and retention is straightforward. Money reached a total of 10,270 FTE child care staff. On average, each FTE staff member received $1,238.24 in compensation. The 1086 centers which received these funds served a total of 45,950 FTE low-income children. (We do not know how many total children they served. Nor do we know the range of amounts received by staff at each center, due to center discretion in allocating the funding among eligible staff.) Since much effort was put into the distribution formula to assure fair allocation across regions of the state and types of programs, we explored how well this worked.

The allocation formula resulted in a remarkably even distribution of the funds across counties (see note 5). While five counties received average allocations per FTE staff below seven hundred dollars, these differences were not statistically significant, and most counties received funding that was close to the statewide average (see note 6).

To understand the distribution of the salary enhancement funding across types of

programs in different areas of the state, we combined the information the state Department of Social Services had compiled on the allocation of funding by center with the results of our surveys of centers throughout the state (see note 7). By combining these two sources of data we were able to determine how much funding each center in our random sample had received. In addition, because we had separated our sample of centers into five categories of programs, we could probe differences among them.

The distribution of funding across different programs is striking (see table 5). Each FTE teaching or supervisory staff in New York City fully subsidized day care and Upstate day care centers received similar average allocations of about $1,000. However, New York City partially subsidized day care centers received significantly lower average allocations than all other programs, averaging about $600 per FTE staff person. Head Start centers, both Upstate and in New York City, received significantly more than all other centers: about $1,500 to $1,700 per FTE staff person (see note 8).

Why these differences? First, in New York City, the Agency for Child Development, which administered the program for all of New York City, chose to spend the 20% discretionary allocation only on fully subsidized centers (see note 9). By doing so, it limited the pool of funds for partially subsidized day care centers. Additionally, partially subsidized centers in New York City serve a smaller number of low-income children on average than unionized centers (see note 10) and have smaller numbers of FTE staff (see note 11). As a result, their initial allocation was lower than that of fully subsidized centers.

The explanation for the higher allocation for Head Start centers is equally straightforward. Head Start centers serve low-income children almost exclusively; this counterbalanced the lower allocations they might have received because of their low number of FTE teaching and supervisory staff per center (see note 12).

A final note on distribution. One of the goals of the distribution plan was to target the funding towards poorer children. This was for at least two reasons. One, to encourage centers to accept subsidized children. And two, because some policymakers believed that centers could raise fees charged to parents who were not subsidized--particularly middle and upper income parents--to cover their portion of the cost of higher staff compensation. The distribution strategy worked: on average, staff who

Table 5

Distribution of Salary Enhancement Funding
by Type and Location of Center

	Average Per FTE Staff Allocation	Average Number of FTE Staff	Average Per FTE Low Income Child Allocation	Average Number of FTE Low Income Children
NYC Fully Subsidized Day Care				
mean	$1157.26	11.8	$196.71	73.1
(standard deviation)	(149.06)		(33.54)	
NYC Head Start				
mean	$1520.7	6.7	$201.57	47.9
(standard deviation)	(336.99)		(18.51)	
NYC Partially Subsidized Day Care				
mean	$596.40	8.4	$366.00	17
(standard deviation)	(242.80)		(423.63)	
Upstate Head Start				
mean	$1692.17	7.9	$291.85	39
(standard deviation)	(1129.64)		(136.97)	
Upstate Day Care				
mean	$1090.22	10.5	$864.06	20
(standard deviation)	(817.53)		(990.40)	

taught in centers that served higher percentages of subsidized low-income children received higher allocations than those in centers serving a mix of subsidized and unsubsidized children.

County Administration of the Funding

The salary enhancement legislation directed the state Department of Social Services (DSS) to provide centers with technical assistance in applying for and administering the funds. The counties we visited all held such briefing sessions. However, opinions differed among center directors regarding their effectiveness. A child care administrator felt that the leaders did not know how to run a meeting at the local level:

> DSS needs to recognize how hopelessly naive the community of day care directors is. Centers have the notion that they can't raise fees, and they think, 'If I take the money and don't raise the fees, will they take it back?' Boards are afraid--'The state is coming after us.' Directors were also confused about agreeing to accept subsidized kids. They worried that if they didn't get any contracted kids, would they have to give the money back?

In another county, several people told us that the one-to-one telephone advice from DSS that followed the briefing meeting was more valuable than the meeting itself.

While all eligible centers were encouraged to apply, many directors had little knowledge of who was eligible for funds or how to get them. Some problems stemmed from the fact that both county and program administrators were unsure of how to proceed in the face of unprecedented legislation that required a quick response. The timing of the briefing meetings in late summer was also a problem for directors coping with new enrollments.

Centers that had previously applied for county contracts or for federal funding had no trouble completing the required forms. A Head Start administrator with a business office reported, "It was a snap compared to what the feds want. We did it all in one day." Small centers that had not previously contracted with the county were often daunted, however, by the required paperwork and statistics. "Our people know early childhood, not accounting," a child care administrator said ruefully.

Deciding Who is Eligible

Although the salary legislation specified that funds should be used solely for teaching and supervisory staff, questions of staff eligibility still arose. Many programs reported problems in restricting the compensation to teaching staff. A Department of Social Services administrator reported that directors asked, "Who is eligible? Is the accountant eligible? How can I explain to office personnel that they aren't covered? Why is the bus driver not included? She's also underpaid." Program directors mentioned their cooks, nurses, social workers and cleaners as deserving salary funds--both because they were underpaid and because they worked directly with the children. Directors worried that staff morale would suffer if some staff members received increased compensation and other did not.

This seemed particularly true in Head Start centers where a wide variety of staff members see themselves as "all one" and meet together regularly at staff meetings. A Head Start administrator in Erie said that there was some discussion in her programs over whether they should accept salary funding if only classroom staff were eligible. She said that Head Start in other counties had not applied for this reason, but that she had persuaded her programs to apply.

Some directors applied on behalf of their nonclassroom staff on the basis that their jobs included caring for children. One, for example, included her bus drivers and bus monitors. " They're directly involved with kids," she argued. "They're like aides so we put in for bus driver/teacher aide. If the county doesn't allow that, we'll pay for it ourselves." Other programs used other sources of funds (such as federal funds in Head Start) to reward nonclassroom staff in an attempt to even out the compensation between them and the classroom staff who received salary enhancement funds.

Other eligibility problems arose. Were supervisory staff included regardless of their classroom participation or were only teacher-directors eligible? What about substitutes, teachers on leave, staff who left during the year, staff who had plans to leave (because of pregnancy, for example)? Centers made these decisions in various ways that seemed to satisfy their ideas of what was fair and within the intent of the legislation.

In addition to questions about the eligibility of individual staff members, there were questions about categories of programs. The most controversial question of eligibility concerned the inclusion of Head Start centers. Because of their program guidelines, almost all of the children they serve are under 200% of poverty, yet although Head Start programs can contract with counties, they are federal programs. Those day care directors and teachers who approved the inclusion of Head Start's programs did so because they serve so many poor children and pay low salaries. But many day care directors objected that Head Start programs received a disproportionate amount of the funds even though their staff salaries were higher than those in day care. Day care center directors also protested that Head Start centers operated for less than a full-day (except in Nassau) and sometimes less than a full week and so could not serve working parents. They also pointed out that Head Start

(continued on next page)

programs have access to federal funding to raise salaries.

Except for Ulster, which excluded Head Start centers on the grounds that they operated only from nine to two (the legislation stated that programs, to be eligible, must provide services for six or more hours a day for five or more days per week), the other three counties we visited included Head Start in the funding. In Nassau, where Head Start was initially excluded but then made eligible by special county contracts, eligibility for state funds set a precedent for including Head Start in the county salary funding as well. In Onondaga, Head Start was excluded from the 20% of county discretionary funds.

The legislation specifically limits salary funds to not-for-profit centers, but DSS sometimes contracts with proprietary, for-profit centers for subsidized slots. This varies with the county. In the counties we visited, Nassau and Onondaga had only one contract each with proprietary centers, Ulster only a few, but Erie DSS contracted with 17 for-profit centers. In Erie, particularly, for-profit centers protested their ineligibility. Partly because of the salary legislation, their directors have withdrawn from the directors' association to set up their own group. In Onondaga, proprietary directors are also organizing among themselves. In Erie, not-for-profit center directors are inclined to sympathize with the proprietary directors, whom they regard as colleagues.

In other counties not-for-profit directors said for-profits should not be eligible. Some day care administrators argued that proprietary centers offer the same services as not-for-profits and should be involved, particularly if they take subsidized children. These administrators made the distinction between "Mom and Pop" operations as deserving and "big, money-making chains" as not. "But it is tricky," added one. "You open up that door, and every profit-making program will access the funds."

When a Nassau center director was asked about including for-profits, she said:

> The Day Care Directors Association doesn't allow for-profits. I kind of question that. Part of me says centers should be good for all children. We need quality teachers in all centers. But I'm really most concerned about centers being stratified. It's so hard to shake off the idea of day care being only for welfare families. So if sharing the funds with for-profits would really develop an expanded system, I'd be more than happy to have government funds flowing into various kinds of centers. As long as it was monitored. And they would have to be serving a variety of populations.

Other questions of eligibility arose in connection with after-school programs (too few hours of operation) and the migrant program (because it was funded through the Department of Agriculture and Markets). The only other eligibility problems that were reported to us were with Head Start programs that did not have current licenses or the insurance required for state licensing.

One of the difficulties was counting part-time children and staff. The director of a program with subsidized children protested:

> We don't count part-time like DSS does. They will count three days full time as three days times seven hours, but we might have a child for five days and six hours a day. That's five slots, but we're not paid for five full days. Some kids don't come on an odd afternoon, but that's space we can't fill. We just don't operate on a conventional forty-hour week, but we had to work out the full-time equivalents for DSS. We didn't know all the terms, either--the bureaucratic jargon.

One director who thought the briefing was "confusing" admitted that she learned from the process and consequently was able to fill out similar forms for a reimbursement rate waiver. As another director summed up her feelings about the application form, "It was a real burden, but it was worth it."

Other organizations besides DSS helped with the briefing process. In some counties, Child Care Resource and Referral (CCR&R) agencies held separate training meetings, and in the four counties we visited they assisted in writing the county plan. In Ulster they were largely responsible for the plan. Where directors associations were active, they also helped in the exchange of information. Head Start and the migrant programs, however, used their own systems and relied on their own administrators to answer their questions.

Despite such assistance, many directors still had difficulty mastering the details of the legislation. A center director said she was not aware that the funds could be given as bonuses. Some other directors were not aware that the funds could be given as benefits. In the end, some directors complained that the entire process had been "hurry up and wait" since they didn't actually receive the funds until many months later.

Nevertheless, some directors and CCR&R administrators involved with the briefing process believe it contributed to a slowly building cooperation between the local Department of Social Services (DSS) and center directors--especially directors who have come from a public school background and may be suspicious because they have never worked with the county before. Some DSS administrators agree. One from Nassau County said that the department was now closer to Head Start and that the county Board of Supervisors had become more involved in day care issues due to the legislation.

Table 6

Average Month Funds Were Received
By Centers

New York City Fully Subsidized Day Care	October 1988
New York City Fully Subsidized Head Start	July 1989
New York City Partially Subsidized Day Care Centers	Late June 1989
Upstate Head Start	June 1989
Upstate Day Care	Late April 1989

Problems of Timing

The salary legislation was enacted by the state legislature in July 1988. Local DSS were required to submit plans to the state DSS by November 1988. These plans were to be compiled by the local DSS administrators by collecting data from centers in their county interested in participating in the salary program. The Act required information not readily available, which had to be submitted by centers--such as center capacity, fees, and budgets. For many centers this was the first time they had collected this data in the manner required by the program. The Legislature specified that funds would be made available to counties as soon as the state Department of Social Services approved local plans and that all funds would be disbursed to counties by October 1, 1989. With very few exceptions, counties received the funds by that date. However, the process of compiling the data, local planning, and state approval in this start-up year caused much of the funding to be released later in the 1989 calendar year.

Only New York City fully subsidized day care centers, whose contract negotiations were settled soon after the salary legislation was passed, began to receive the funding in time to distribute it throughout the calendar year 1989 (see table 6). They began to receive the funds in October, 1988. Most centers only received the funding well into 1989. For example, 87% of New York City partially subsidized day care centers received the funding between June and August, 1989. Most New York City fully subsidized Head Start centers began to receive the funds in July, 1989.

On average, Upstate day care centers received the funding in late April (22% received the funding since July). Upstate Head Start centers received the funding later: on average in June. One in four Upstate Head Start centers did not receive the funding until after August. The timing of receipt probably delayed the effects of the legislation. As a result, this evaluation reports the preliminary effects of the legislation on recruitment and retention of staff in all but New York City's fully subsidized day care centers.

In each county where we interviewed, DSS administrators explained the reasons for delays at both the state and local levels. In Onondaga, the county passed a resolution for expenditure and arranged for centers to submit advance claims so that

Why Programs Didn't Apply

One question we asked in the counties we visited was why some eligible centers did not apply for a grant even though most day care programs are underfunded. According to the state Department of Social Services, 14% of eligible centers did not apply.

In Erie, where a sizable number of centers did not participate, DSS and CCR&R administrators reported the reasons they had heard: centers didn't want to have to match the funds if monies ran out after one year; the money was too little; and the paperwork was too much. In addition, they said, some centers didn't want to contract with the county for subsidized children because it wouldn't be fair to their waiting list; the county contract was too cumbersome; they would lose money on subsidized slots; and they would have to wait for cash reimbursement.

Directors themselves voiced similar reasons. "We don't have any social service kids and probably don't want them," said one. "We have no enrollment problem, and we don't get calls from people on public assistance," said another. In some cases, the center's sponsor or board was against contracting with any government agency. One center's comptroller advised against applying for the funds because "monies like this dry up, and that would be reflected on us, not the state."

A community-college-based center in Onondaga did not apply because its teachers' salaries, which are tied to civil service scales, were already comparatively high at $9.00 an hour. At that rate, an ad for a staff member brought 70 responses. The director said she "didn't think it was appropriate to apply because we don't have the problems of other centers in recruiting." However, she is considering applying next year in order to increase staff benefits.

In Nassau, where residential areas vary from urban subsidized housing to affluent suburbs, a CCR&R administrator made a distinction between the programs that had been originally set up as day care centers to assist low-income families and the nursery school programs that had only recently become licensed as day care in order to accommodate the working hours of professional parents. The latter did not apply, she said, because when centers are located in affluent neighborhoods, "they say, 'Families who can't afford our program never come here'." Another Nassau director commented that centers and teachers who are not affiliated with professional organizations like the Day Care Directors Association or the local branch of the National Association for the Education of Young Children may simply have been unaware of the salary legislation.

payments could be expedited as soon as they arrived. State approval of the county plan, however, was delayed by requests for clarification. Although the state had planned to make quarterly payments in January, April, July, and September (reportedly so that programs could not take their full allotment and then go out of business), the first payment did not arrive until March.

In Erie, the county submitted its plan to the state on time, but the state held up clearance because of inconsistencies in the budgets of three centers. When the budgets were resubmitted, two were approved but one was still faulty. An additional program had decided that it wanted to be included after the plan was approved and so it had to be resubmitted once again. Funds reached the county at the end of April but then had to wait for a county legislative resolution for expenditure. Several more weeks of delay were due to "contract encumbrances" at the county DSS offices.

The state approved Nassau's county plan with no delay and told the local DSS how much it would receive. Although child care advocates had pushed for the county to "front" the money for early dispersal, the county needed more time to rewrite contracts. Checks didn't reach centers until mid-May. The delay, says a child care advocate, "turned something good into something difficult."

In Ulster, the county had no problem in getting its plan passed, but there was confusion and delay on getting the funds. The county had originally asked for a single payment. Instead, the state's initial payment was 25% of the whole amount after the administrative costs had been deducted. The remainder came to the county in May, but a month later centers reported that they still had not received their funds.

Those centers that, on the basis of the legislation, raised salaries on January 1 were forced to "front" the money until the salary funds arrived. This could be done if they were sponsored by a larger agency with more financial resources but was impossible for centers on small budgets or where boards refused to "mingle" funds from different sources. In Nassau, a center which had agreed to contract with the county for the first time as a result of the salary legislation, was owed $11,000 in reimbursement because of the delay.

The delays caused center directors to wonder if the funds would really come through and reinforced their tendency to withhold information from their staffs. Since

there was uncertainty as to the actual amounts each center would eventually receive (because the county plans were subject to revision), center directors downplayed the amounts staff might receive so they wouldn't "be backed into a corner" if the funding changed.

HOW THE FUNDING WAS USED

How Centers Planned to Spend the Funding

In January we asked Upstate and New York City partially subsidized day care centers, and Upstate Head Start centers, to report how they planned to use the salary enhancement funding. Each center director was asked to check off and describe all of the spending categories that the center anticipated it would use. (In New York City, fully subsidized day care and Head Start centers settled their plans for use of the funding through their collective bargaining agreements--see section on actual use of the funds for details).

Most Upstate and partially subsidized day care centers in New York City indicated they planned to spend the money only on raises or only on bonuses or only on a combination of the two. To clarify the choices, we collapsed the responses into four categories of spending: raises, bonuses, a combination of raises and bonuses, and fringe or other benefits (see note 13). Table 7 reports the breakdown by program type of anticipated use of the funding. The table reflects 100% of centers' plans, without duplication.

Plans of partially subsidized day care centers in New York City mirrored aspects of the fully subsidized day care and Head Start union agreements in their plans: more than half (55%) of the centers planned to spend their funding on raises; many others planned to give bonuses, also a component of the contracts.

By contrast, many Upstate Head Start and day care centers planned to give their employees bonuses (44% in day care; 44% in Head Start). But Head Start centers were more likely than other centers to plan raises (39% in Head Start compared to 29% in day care).

How Centers Actually Spent the Funding and Why

In September we asked day care centers in Upstate New York and New York City to report how they actually used the salary enhancement funding. Table 8 reports the breakdown by program type and spending category of the actual use of this funding.

There were many dramatic changes in how programs spent the funds compared

Table 7

Planned Primary Use of Salary Funding
Reported in January 1989
By Program Type

	NYC Partially Subsidized Day Care (n=38)	Upstate Head Start (n=41)	Upstate Day Care (n=179)
Raises	21 (55%)	16 (39%)	52 (29%)
Bonus	14 (37%)	18 (44%)	79 (44%)
Raise and Bonus	2 (5%)	7 (17%)	36 (20%)
Fringe Benefits or other	1 (3%)	0	12 (7%)

Table 8

Actual Primary Use of Salary Funding
Reported in September 1989
By Program Type

	NYC Partially SubsidizedCenters (n=43)	Upstate Head Start (n=40)	Upstate Day Care (n=138)
Raise	4 (9%)	12 (29%)	8 (5%)
Bonus	23 (53%)	17 (41%)	80 (56%)
Raise and Bonus	4 (9%)	5 (11%)	29 (20%)
Fringe Benefit or other	12 (27%)	6 (14%)	21 (15%)

to their plans. The most dramatic shift was for New York City partially subsidized day care centers, which for the most part distributed bonuses rather than raises. Similarly, very few Upstate day care centers ended up giving out raises, despite some centers' plans to do so. Only Upstate Head Start centers were consistent with their plans: some centers gave raises, some bonuses and some a combination of the two. In this section we explore some of the reasons for these patterns.

Upstate Day Care Centers. The majority of these centers gave out bonuses (56%). Many others gave a combination of bonuses and raises (20%). When they were asked why they planned to allocate the funds the way that they did, the centers gave clear reasons for each choice. For those centers that gave bonuses rather than raises, many made comments similar to this one: "If there were a guarantee for this money each year, I could use it to pay higher wages." One respondent spoke specifically about the problems faced by many Upstate centers that serve poor children concerning raises: "Ours is both a privately and publicly funded center. Private enrollment fluctuates throughout the year making it difficult to guarantee salary increases and/or health insurance."

Those centers that did plan to put the money into raises expressed many of the same concerns about the need to raise salaries to compete in the labor market. Public schools represented one primary competitor for qualified teachers and supervisors. One director wrote: "Our salaries are approximately 30% less than comparable salaries in the public schools. Most child care staff in the county have minimal or no benefits and this also creates a serious problem for many staff members." Others wrote about being wedged between publicly funded schools and poor families' ability to pay:

> Centers serving low-income parents, as we are, can only charge their private clients low fees, resulting in low salaries. The administrative salaries in a small center cannot be diluted over many children. This money is drastically needed. For example--I would make $12,000 more if I left the center and worked for the Board of Education.

But not all centers believe that the public schools are their only or primary source of competition. One center director wrote: "We are located in a township that has less than 3% unemployment. A bagel butterer makes $7/hour. That is what we pay our one certified teacher."

Upstate Head Start. The Upstate Head Start centers were more likely to have spent the funding on salaries (29%) than any other programs. Still these centers were most likely to have spent the money on bonuses (41%) and many spent the funding on a combination of raises and bonuses (11%).

The roots of these different patterns are not entirely clear. Head Start centers are distinguished by a different funding stream of federal dollars. Also, Head Start centers are in their second year of receiving federal salary enhancement funding targeted at salaries. Head Start center directors were most likely to identify the public schools as their primary labor market competition. "We lose the teaching staff to the public school both for salary and benefits," one director commented; and another: "College degreed people are scarce now that public school teachers start at $20,000 for a ten-month job." One part of the federal salary program was that centers were asked to identify wages in their community for staff with comparable job responsibilities to staff employed by their centers; public schools were frequently the comparison for teaching staff.

One Head Start director whose center planned to give bonuses summed up the statements of many Head Start directors stated that made this choice: "The likelihood of raising money to sustain pay raises is nil. ...We need an ongoing source of funding to sustain pay raises."

New York City Partially Subsidized Day Care Centers. More than 50% of New York City day care centers spent the enhancement funding on bonuses. Another 27% spent the funds on fringe benefits. One respondent summed up the concerns that many centers expressed about the competition these centers face from unionized centers as well as from the public schools:

> There will not be enough money to raise salaries to nearly what they should be--we are so far below unionized and Board of Education salaries that the very four hundred dollars each will get will be absurd. ...In private programs, when tuition is raised beyond what parents can pay, children don't receive quality pre-school education. If tuition remains affordable, adequate salaries cannot be paid. When teachers with Masters Degrees are paid less than cafeteria workers for the Bd of Ed, recruitment gets harder and harder. We have not been able to keep any head classroom teacher longer than one year. The last two that left were

Salaries or Bonuses?

Because of the uncertainty of continued funding, most programs decided not to put the funds into salaries because they did not want to face the problem of finding replacement funds should the state funds not be reappropriated. In Nassau, the Head Start Policy Council, for example, decided against putting its funds into salaries because there was "no guarantee" that funds would be renewed. "People were scared to put it in their budget lines," Onondaga CCR&R administrators reported. Asked about the salary enhancement grants, one Head Start administrator answered, "Do you mean the one-time money that's coming from the state as a bonus?"

In some centers, boards had learned in March about the proposed legislation that would appropriate an additional $4,000,000 funding (for the fourth quarter of the state's fiscal year), but they still felt insecure. "When that funding runs out in March, the board thinks they might have to drop everybody back down," explained a center director. One Head Start administrator, however, was somewhat reassured by the reappropriation. "I thought it was a one-shot deal," she said. "Now that the four million has been voted, though, it makes me hope."

Administrators in CCR&R agencies urged centers to put the funds into salaries on the theory that building the funds into the salary scale was the best use of the money within the intent of the legislation. In Ulster, where there are a relatively small number of programs and a strong CCR&R agency which was given a great deal of responsibility in helping centers to apply for the funds, the agency was instrumental in persuading most programs in the county to put the funds into salaries rather than bonuses. In Onondaga, the CCR&R agency held a special meeting for briefing staff, hoping to persuade them that putting the funds into salaries was in their best interests, but few staff members attended.

When centers voted to put the funds into salaries, and then the funds were delayed, they faced the problem of having to front the money. Boards were reluctant to use other revenues in place of promised state monies. ("They just don't trust elected officials," a center director explained.) Only centers that were run by larger organizations with larger budgets, such as the Salvation Army or a community college, were able to increase salaries before they received funding.

Child care staffs were divided on whether they wanted the funds as salaries or as bonuses. Those that wanted salary increases recognized the benefits of a permanent increase. One teacher summed up her thinking:

> I already have benefits. Training would be helpful--the conferences are good. A bonus would act as an incentive, keeping me here, aside from the fact that I love it here. A bonus would be like additional monies. But a salary increases through time. If it's built into the salary, it's permanent. A bonus could be here one year and not the next.

Those staff members who preferred a bonus to a salary increase wanted a lump sum of

cash in hand. "We didn't even talk about salaries; I guess we all had our minds set on bonuses," a teacher reported about the staff meetings in her center. One center director had considered purchasing Certificates of Deposit for the staff as a way of increasing the allotment, but teachers protested, saying they wanted to make their own decisions about how the bonus money should be spent.

Because wages are so low, workers are unable to save on a regular basis, and many plan to put the bonus in savings against possible future emergencies. Others said they would spend their bonus for things they have never been able to afford, such as a vacation away from home--"I can never go far away," one teacher said wistfully, "but next year I will." Some teachers said they would use the money for their children's college or for long-delayed car repairs. Explaining why she preferred a bonus to a salary raise, one teacher said, "If it was in every paycheck, it would disappear. Paycheck by paycheck it would dwindle away."

> able to double their salaries in the public sector. ...We're opening a new program with a New York State start-up grant and I'm afraid of not being able to adequately staff it.

New York City Fully Subsidized Centers. The unionized, fully subsidized day care and Head Start centers in New York City, administered by the Agency for Child Development, determined their plans for spending the enhancement funding as a part of negotiated union settlements. The day care and Head Start teaching and support staff belong to the same branch, District Council 1707, of the same union, the American Federation of State, County and Municipal Employees (AFSCME). However, the workers are represented by different "locals," or divisions, of District Council 1707. The day care workers are represented by Local 205; Head Start, by Local 95. Each local negotiates a separate contract.

New York City Fully Subsidized Day Care. These centers spent the funding primarily on raises; but the future of these raises is subject to continued state funding.

In September of 1988, after working without a contract for fifteen months, day care workers' Local 205 agreed to a 39 month contract (from July 30, 1987 to September 30, 1990). Parts of the contract were expressly tied to the enhancement funding. With one exception, center staff would receive a 5% salary increase for each of the three years. To create parity with starting salaries in the public schools and as a result of the enhancement funding, certified teachers would be given raises of 5% or a

minimum base salary of $23,000 for teachers with bachelor's degrees or $24,500 for teachers with master's degrees, whichever was greater for 1989. The contract set out additional minimum salary rates for 1990 that would keep pace with public school starting salaries ($25,000 for teachers with bachelor's degrees and $26,500 for teachers with master's degrees), and included provisions for $300 longevity increases per year for the first four years of teaching. In addition, all certified teachers received a one-time lump sum bonus of $1,370.

This contract represented a substantial increase over the prior contract in which starting salaries were $2,000 lower, where longevity pay was five times smaller, and where educational differentials were as much as seven times less than in the public schools. Nevertheless, it left day care workers at a lower hourly wage than public school teachers (because the public school has a shorter work year and shorter work days), with a pay differential that grows wider with longevity, and with fewer benefits.

The new contract stated that in the event the state funding ceases during 1990, certified teachers will only receive a 5% raise in the final contract years. Additionally, the contract specifies that if the 1990 salary funding allocation is more or less than the first year (FY 1989) allocation, then the parties will meet to renegotiate new wages for certified teachers.

New York City Fully Subsidized Head Start. As for fully subsidized day care centers, these centers spent the funding mostly on raises; and the future of these raises is tied to continued state funding.

Local 95 negotiated a 44 month contract (from February 1, 1988 to September 30, 1991) in March of 1989, after working without a contract for 14 months. The provisions of the Head Start contract were similar to those in the day care union agreement. It, too, includes raises and a one-time bonus for certified teachers. But the contract also included a pension plan for all employees covered by the contract. (Prior to the agreement, the lack of a pension plan was the most significant difference between the compensation of Head Start staff and staff at fully subsidized day care centers.) In addition, the contract modified and expanded health insurance and life insurance benefits. Like the day care union contract, the Head Start contract will not keep up with public school starting salaries if state funding of the salary legislation is

discontinued. It, too, will be open to renegotiation if the salary legislation funding level changes for in 1990.

New York City Unionized Center Directors. The supervisors of day care centers are represented by a different union: the Council of Supervisors and Administrators (CSA). They settled a 40 month contract (from July 1, 1987 to October 31, 1990) in October 1988, after working without a contract for 14 months.

The provisions of the supervisors contract were similar to those in the day care agreement regarding raises, longevity increases, and a one-time bonus for teacher certified directors. It, too, contains the caveat that if the state appropriation for salary enhancement is not renewed, teacher certified directors will only receive a 5% increase for the 1990 contract year.

Decision-making

Administrators and boards of directors in non-union programs decided how the funds should be allocated within centers. In our field interviewing we found only one instance in which teachers were formally involved in the decision-making process--an Erie center where the staff was asked to elect two representatives to serve on a board committee deciding how to distribute the funds. Elsewhere some directors conferred with staff as a group or individually. In a large number of centers staff had no part in the decision-making process. Although many of them had been active in advocating for salary legislation and had heard that the appropriation had been passed, they had no idea what that meant in terms of their own centers. "I know it came through somewhere," said one teacher, "but nobody seems to know anything."

In one center, the director and the board had been told how much the program was due to receive, but until the funds actually arrived, they had decided to withhold this information from the staff. "It will be more than they expect," the pleased director said. A staff member, when interviewed, took a guess at how much she might receive and guessed half the amount she was actually slated for. Boards, fearful that the amounts announced for their programs might be cut, didn't want to risk having to retract. "We didn't want people to become comfortable and think they have the

Deciding on What Basis Bonuses Should Be Awarded

Once boards had decided on bonuses rather than salary increases, they needed to decide how the bonuses would be awarded--all at once or in several payments--and on what basis. Those centers where bonuses were given in one payment did so partly in response to staff who wanted the cash as soon as possible. Centers were more likely to give the money in one bonus as their staffs became more anxious, because of delays, about ever seeing the money. One center decided to award the entire bonus in July:

> We felt it was important to give it all to them now. Their thinking is, 'It's here. Give it. Don't worry about retention.' It worked out better too in our fiscal year because it's hard to co-mingle funds and keep track of interest.

Those centers which decided to give the money in more than one payment generally planned to give the final bonus in December to aid in retention of staff over the calendar year and to provide some financial help with Christmas expenses. Breaking the total sum into more than one bonus had other advantages as well. It helped to solve the problem of staff who left during the year. By giving one bonus as soon as the funds were received and then at least one other later in the year, centers covered any staff who left mid-year (after the initial disbursal) and those who were hired to take their place (and would collect the final disbursal). Multiple bonuses also spread payments of withholding tax over the course of a longer period of time, and centers benefited from the interest earned while they retained the funds.

Programs we spoke with allocated the amount of bonus per staff according to differing rationales. Those who awarded on the basis of longevity decided this was fairest to those staff members who had stayed at the center despite the low wages. One woman described her bonus as "a special treat for myself for all the years I've put in." "So many people have left," commented another teacher who wanted bonuses to reflect longevity, " and we are the ones who stayed." Some centers used hourly rates as a basis for longevity. Others calculated longevity separately from rank. Other centers distributed bonuses in equal amounts on the theory that they had a better chance of retaining new hires if they received the same amount as more senior staff.

No program we interviewed used merit as a basis for allocating bonuses. One center director explained that her staff had felt that bonuses shouldn't be based on merit because there had been no advance warning that merit would "count." She thought merit bonuses would be bad for morale and lead to "in-fighting." A board member in another center said her board had decided against merit as a basis because it "would become too petty."

money," explained a Head Start administrator. Staff members were divided in their opinions of how much they should have been told about the funding. One who resented being left out said, "Basically, it's hush, hush. We don't have the figure yet, and we should have known as soon as our boss knew." Her co-worker had more mixed feelings:

> They kept changing the figure. They don't want to misquote what will happen. Of course, you hear from other centers about what they're getting. You know you're getting at least something, know at least between such and such. But the people issuing the money should have told how much it is. Now it's all gossip. And I don't want to get too excited until I really know.

A staff member at another center said, "I don't know how much the funding is or how it will be distributed, but I try not to think about it so I won't get my hopes up."

Some administrators said that their staffs were not capable of making the best decisions for themselves. They complained that staff members didn't know the difference between salaries and bonuses or weren't aware of what benefits they received. They said that workers didn't realize that bonuses were subject to taxes.

When staff appeared confused, however, it might have been because they had never had the program, with its options, explained. This seemed to be the case when we asked a Head Start worker whether she would prefer the funds to go toward her salary, a bonus, or benefits. She insisted the money go for the children. "We need money to buy things," she said earnestly. "We don't have window shades in the classrooms."

Even in those centers where teachers met together and decided how they would most like the money to be spent, the final decision rested with the program's board of directors. In small centers, where directors had open communications with their staffs and a strong voice in setting policy, board decisions followed closely what the staff would have chosen for itself. But where boards were distanced from the programs they controlled, staff members sometimes felt their interests were thwarted.

A day care center housed in a church, for example, is administered through a board consisting of church members only. Neither the center director nor any teacher is a member. Center staff are employees of the church, and the church board refused to

allow the center to increase benefits or to award bonuses, as the staff had requested, because that would put the center employees out of line with the rest of the church employees. The final solution was to reduce the staff's nine-hour day with an unpaid lunch hour to an eight-hour day with a paid half-hour lunchtime. In another example, program staff members in a center for children of migrant workers would have most preferred to have their funding all go to salaries or bonuses. Instead, the central administration, located in Albany, decided to put a substantial amount of the funding into an Employee Assistance Plan which would provide confidential counselling to program staff.

We encountered a few instances where staff members had formally protested the apportionment of the funds. Staff members at one center called the county CCR&R agency to complain that the salary legislation dollars were being used to replace dollars they would have received anyway. A similar protest was made by Head Start staff members who claimed that salary funds were being used as bonuses in replacement of federal funds that would otherwise have gone into salary raises. In another instance, a church-based center staff sent a letter of protest to its parents, board members, and administrative personnel when their advisory board voted to use salary funds for raising salaries and baseline pay but reduced the amount of anniversary raises, the number of sick days, and benefit coverage.

Despite the many variables that had to be considered in making fair apportionments, directors thought they had done the best they could within their constraints. "This is a trial run," one said. "We've managed to get through the process. Next time it will be better."

Unlike Upstate centers and partially subsidized day care centers in New York City, the fully subsidized, unionized day care and Head Start centers decided how to spend the salary legislation funding through union negotiations. Evaluating the decision-making within union negotiations is beyond the scope of our analysis. However, through earlier study of the New York City unionized workforce, we are familiar with the issues that were discussed by both the union and City agency officials at the time of negotiations and which certainly bore on the final settlements (Granger & Marx, 1988).

Increasing Benefits

Most of the staff members we interviewed preferred having the funds go into salaries or bonuses rather than having it all go into benefits because they wanted more discretionary control of their money. The only staff members who said their first choice was benefits were single mothers who wanted increased health and dental coverage for themselves and their children. But in centers where some staff members were carried by their husbands' health insurance and others were not, giving health insurance as a benefit was sometimes disapproved because it "would help some and not others."

Staff members who were adequately credentialed for public school jobs compared their benefits to those of public school teachers and found their child care worker benefits lacking, but staff members with fewer qualifications compared their benefits to those in other jobs open to them and thought their benefits not so bad. When programs provided vacation days, some form of health insurance, sick leave, and a retirement plan of some sort, staff considered these "good benefits."

Administrators who planned to use the funds to expand benefits tried to find benefits which could be discontinued or curtailed (by changing the percentage paid by employees or by increasing the deductible) in case funds were not reallocated. One center, however, put a large part of its funds into covering a sudden jump in the cost of its health insurance (which left the staff wondering where the money went).

In-service training was a popular choice for those programs who decided to put the funds into benefits. Training was needed because of the high turnover and large numbers of new staff, many of them underqualified and lacking any training in child development or early childhood education. In addition, any training benefit could be withdrawn or modified in subsequent years according to funding levels. Training was also a choice that administrators, parents, and teachers could agree upon. As a Nassau CCR&R administrator said about centers in her county, "They feel more comfortable putting some of the money into training. Everyone is positive."

Administrators viewed training as an expendable but not necessarily recurring benefit that would improve the quality of their programs. Parents viewed training as a way to increase teacher competency. (Several parents we interviewed spoke up strongly for trying to increase teachers' educational background.) And staff members saw training as accessible to everyone--regardless of seniority or hours worked--and a means to upgrade their positions. This was particularly true for staff members who had been unable to pay for a Child Development Associate credential and saw the funding as a way to do it.

New York City day care and Head Start centers were suffering from several serious problems. First, they had very high turnover rates and much of their turnover was caused by teachers moving to the city's public schools. Second, they had very high vacancy rates because they were having difficulty recruiting new staff when old staff left their centers. Third, much of their staff failed to meet desired qualifications, causing program quality to erode--only 56% of all classroom teachers were fully certified; the remaining 44% held some form of "emergency" credential. (These emergency credentials were offered by the licensing agency due to the shortage of fully certified teachers willing to work in these programs.)

The union's concerns were focused on improving compensation levels for its members. The centers' management had a wide range of concerns for program effectiveness and fiscal health. The day care and Head Start union agreements ultimately funnelled the enhancement money into particular salary and benefit improvements which should address recruitment and retention problems. For example, raising starting salaries to levels competitive with the public schools should help address recruitment problems. Likewise, rewarding certification should encourage teachers to achieve that goal and help retain those certified teachers already in these centers.

IMPACT ON RECRUITMENT AND RETENTION

The goal of this legislation was to improve centers' ability to recruit and retain classroom and supervisory staff. This was an extraordinary mission for the start-up year of a program. And as we have seen, many factors limited our ability to evaluate the effectiveness of the funding. In particular, a majority of programs received the funding within the last several months.

Accordingly, we have two different stories to tell. First, we evaluate the one year effects of the funding on New York City fully subsidized day care centers, since these centers have been spending the money since fall 1988. Second, we share the *preliminary* effects of the funding on all other programs: partially subsidized day care centers and Head Start centers in New York City and Upstate New York.

Tables 9 and 10 present the changes in teacher turnover and vacancy rates, respectively, by program type and location between January and September. Tables 11 and 12 present the changes in supervisor rates; and tables 13 and 14 present the changes in classroom assistant rates.

New York City fully subsidized day care centers are the greatest success story of this salary legislation. In these centers, *teacher turnover rates declined from 42% in December of 1987, to 32% in January 1989* (three months after settlement of the union agreement), *and again to 26.7% in September 1989.* These numbers point to a significant improvement in the quality of care for children. One of the most promising implications of these improvements is that substantial raises implemented quickly and over the course of the full program year appear to have a significant impact on turnover.

In addition, *vacancy rates went from 27% in December of 1987, to 11.7% in January 1989, and then to 12.2% in September of 1989.* These numbers suggest that the initial impact of the settlement attracted teachers to vacant positions.

The turnover rate for supervisors also fell for these centers from 23% in January 1989 to 17% in September 1989; vacancy rates are about the same.

Table 9

Annual Rates of Teacher Turnover by Program Type (in percent)*

	January Turnover	September Turnover
New York City Fully Subsidized Day Care	42.6[1]/31.7	26.7
New York City Head Start	33[1]/NA	32.6
New York City Partially Subsidized Day Care	36.5	31.4
Upstate Head Start	28.2	34.4
Upstate Day Care	39.8	36.9

[1] Granger & Marx, 1988

* Turnover rates were calculated by dividing the number of staff that have been employed by a center less than one year plus the number of staff vacancies by the total number of staff positions, for each category of staff.

Table 10

Percentage of Total Teacher Position Vacancies by Program Type*

	January Vacancies	September Vacancies
New York City Fully Subsidized Day Care	27[1]/11.7	12.2
New York City Head Start	13[1]/NA	13.7
New York City Partially Subsidized Day Care	6.4	8.5
Upstate Head Start	4.1	4.9
Upstate Day Care	4.7	5.2

[1] Granger & Marx, 1988

* Vacancy calculations are based on the number of positions in a center that were temporarily filled while a center sought a permanent staff member.

Table 11

Annual Rates of Supervisor Turnover by Program Type (in percent)*

	January Turnover	September Turnover
New York City Fully Subsidized Day Care	23.3	17.4
New York City Head Start	N.A.	30.1
New York City Partially Subsidized Day Care	26.8	14.8
Upstate Head Start	30	24.8
Upstate Day Care	29.7	32.6

* Turnover rates were calculated by dividing the number of staff that have been employed by a center less than one year plus the number of staff vacancies by the total number of staff positions, for each category of staff.

Table 12

Percentage of Total Supervisor Position Vacancies by Program Type*

	January Vacancies	September Vacancies
New York City Fully Subsidized Day Care	5.2	3.3
New York City Head Start	N.A.	11.0
New York City Partially Subsidized Day Care	4.4	4.4
Upstate Head Start	5.5	1.8
Upstate Day Care	2.6	2.6

* Vacancy calculations are based on the number of positions in a center that were temporarily filled while a center sought a permanent staff member.

Table 13

Annual Rates of Assistant Teacher Turnover by Program Type (in percentages)*

	January Turnover	September Turnover
New York City Fully Subsidized Day Care	29.9	19.1
New York City Head Start	N.A.	12.3
New York City Partially Subsidized Day Care	36.1	37.9
Upstate Head Start	28.6	47.6
Upstate Day Care	57.0	51.6

* Turnover rates were calculated by dividing the number of staff that have been employed by a center less than one year plus the number of staff vacancies by the total number of staff positions, for each category of staff.

Table 14

Percentage of Total Assistant Teacher Position Vacancies by Program Type*

	January Vacancies	September Vacancies
New York City Fully Subsidized Day Care	6.4	5.0
New York City Head Start	N.A.	2.8
New York City Partially Subsidized Day Care	4.5	8.1
Upstate Head Start	4.3	12.4
Upstate Day Care	8.0	8.3

* Vacancy calculations are based on the number of positions in a center that were temporarily filled while a center sought a permanent staff member.

The turnover rates for classroom assistants fell for these centers, from 30% in January to 19% in September; vacancy rates have remained virtually the same. We do not have turnover and vacancy rates for supervisors or assistants from 1987.

While most of the other programs received the funding quite recently, *the preliminary changes in recruitment and retention are quite promising.* In New York City partially subsidized centers, who on average received the funds in June, teacher turnover rates declined from 37% to 33%; vacancy rates stayed about the same, increasing from 6% to 9%. Supervisor turnover rates declined from 27% to 15%; vacancy rates stayed about the same at 4%. Turnover and vacancy rates for assistants in these centers remained the same.

In Upstate day care centers, where the funding was received on average in late April and May, changes in teacher turnover have been modest: turnover rates declined moderately from 40% to 37%. Teacher vacancy levels remained about the same. Moreover, these centers did not have a significant change in administrator turnover or vacancy rates. Assistant turnover rates for these centers declined from 57% to 52%; vacancy rates stayed the same at 8%.

New York City Head Start centers did not receive the funding until July--one month before our survey. Not surprising then, their 33% turnover rate and 13% vacancy rate was unchanged from December, 1987 to September, 1989 (we do not have January 1989 figures for these centers). (We have no data to indicate whether these centers experienced change in supervisor or classroom assistant turnover or vacancy rates. Based on experience with teacher rates and the relatively high September rates for supervisors, it is unlikely that there has been a change in these rates since last year. It is interesting to note that the turnover and vacancy rates in New York City Head Start for assistants are significantly below the rates in Upstate and New York City day care centers; but that supervisor turnover and vacancy rates are among the highest.

The third pattern we found was for Upstate Head Start centers. While teacher vacancy rates held steady, teacher turnover rates increased. Supervisor turnover rates have declined from 30% to 25% in these Upstate Head Start centers; and vacancy rates have also dropped from 5% to 2%. The increase in turnover and vacancy rates for

assistants in Head Start centers is surprising. These rates rose from 29% to 48% for turnover and from 4% to 12% for vacancies.

We tested to see whether these patterns occurred among centers from whom we received responses to this question in both January and September (see note 14). We found no significant differences between the January and September teacher turnover and vacancy rates among these centers, which suggests that the increases we found in this group may not be found in all centers.

The decreases in supervisor vacancies were not statistically significant (see note 15). Similarly, supervisor turnover was not statistically significant, but it is very close to being so and the failure to reach significance level may be due to the small sample size (n=24) and the conservative test of significance that we used. For assistants we found that the changes between the January and September turnover and vacancy rates were also very close to being statistically significant (see note 16).

Changes in Turnover and Vacancy Rates Considered Together Across the State

When viewed together the patterns of turnover and vacancy point to several interesting tendencies, although we do not have a control group. First, it appears that the legislation has the potential to have a real impact on recruitment and retention. In New York City we have found a significant change in both turnover and vacancies among fully subsidized day care staff. It would seem that the use of the funds over the course of a full year has led to substantial improvements. But we cannot expect to see marked improvements among centers that did not receive the funds until quite recently. Across all program types, we have seen the least change among centers that have received the funding well into the calendar year.

Second, it also appears that any evaluation of changes in recruitment and retention must be made in the context of other labor force dynamics. In New York City we found vacancy rates for classroom staff rose in partially subsidized centers. We suspect that staff were lured to fully subsidized day care and Head Start centers by the higher compensation. This would confirm the pattern revealed in 1987 research on teachers in New York City early childhood programs (Granger and Marx, 1988):

teachers in New York City tend to move from non-subsidized or partially subsidized centers, to fully subsidized day care and Head Start, and then on to the public schools in pursuit of better compensation.

Similarly, directors in Upstate day care and Head Start centers reported that the increase in funding to the state prekindergarten program for 1989 may have caused qualified teachers to move to the public schools. This would be an interesting replication of what happened in New York City when the expansion of the city's kindergarten from part-day to full-day caused a shortage of teachers in publicly funded day care and Head Start programs.

County Assessment

In response to our survey of county social service administrators, many counties stated that the program appeared to have achieved its primary objective and that the results were positive: staff turnover fell in some programs, morale improved, and that staff received long-deserved recognition through enhanced compensation. But many counties were concerned about the long-term impact of the program on the centers' ability to sustain salary levels on their own. Some expressed concerns about the one-shot nature of the funding. "The dollars went directly to the child care workers," one respondent wrote, "Center directors report increased morale and lower staff turnover as a result of the funds. However, they give no indication that this will remain true if, for some reason, the centers cannot maintain the increases." Another was more cynical: "[This program] raised the expectation that financing of day care services would be looked at in a serious way by policymakers on the State level. [But] there is no long term help."

Local Assessment

Despite the constraints of local labor markets and even with the threat of competition from public schools and fast food, most program directors and teachers believed the legislation would have a positive effect on recruitment and retention. A DSS administrator in Nassau, where county as well as state funds have been directed toward increasing day care worker compensation, says that funding is "easing the

Morale

Administrators and teachers generally agreed that the salary legislation has been effective in raising staff morale. It was important to child care workers to have their dilemma recognized by "outsiders," particularly state legislators. They viewed the funds as a reward for past public service. For the staff members who had gone to Albany to demonstrate for higher wages, the satisfaction of seeing their political action turned into legislation was particularly exhilarating.

Even though directors counted on the news of the legislation to have a positive effect on staff morale, at the same time they worried that a premature announcement of the grants might result in staff disappointment and anger if the funding did not actually come through or if it proved to be less than they had originally thought. "The salary efforts have raised morale," said a Nassau director, "but if there's a screwup, we'll be really demoralized."

Many directors were skeptical about ever actually seeing the funds. The legislation seemed "too good to be true" and past dealings with local administrators had led them to believe that promises were not always fulfilled. For this reason, some directors held off telling their staff how much they would be getting or, in a few cases, telling them anything at all about the legislation (but these staff members learned about the legislation from friends working in other centers or from local newspaper reports). As a result, some of the morale-raising force of the legislation was dissipated.

In fact, those directors who announced the funding early had to then repeatedly reassure their staff in the face of long delays. "When you start talking dollars in January, and June rolls around with no money yet, it's difficult to talk to the staff," said a Nassau County Head Start administrator. "Some," she sighed, "have already spent the money."

A few staff members wondered if the salary enhancement funds had been given as a strategy to silence workers' protests about their low pay. "We're hopeful the funding will continue," an Erie teacher said. "What can we do to let the legislators know it's appreciated? Don't make it just a little tidbit to make us keep quiet."

In many cases, expectations were so modest that, as one administrator said, "they feel positive about getting anything."

burden" in recruiting and retaining staff. (Total expenditure in Nassau will be about $1,000,000 to 40 eligible programs with 360 staff members eligible for state funding and 260 for county funding as well.)

Recruitment. Where funds have gone into salaries, directors have been able to "raise the bottom of the scale" and advertise entry-level positions at a higher salary. This has been helpful in attracting applicants. When the funds have been put into bonuses, however, the bonus can only be described after a job applicant contacts the center. An Erie director who was in the process of recruiting said she was able to promise a bonus (although she didn't say how much) during the job interview. She described the candidate's reaction as, "Oh. Wow. That would be nice."

An Erie county CCR&R administrator said she thought that it was too early to judge how the enhancement funds will affect recruitment because the funds had been delayed. "When the money is in hand," she said, "the word will get around. Once people get their checks, they will talk to their relatives, spend the money. They'll talk in stores and say, 'I'm using my check.' That's how the word will spread around the community."

Retention. Reactions were also positive about the legislation's effect on retention. An Onondaga teacher said the funds provide an incentive to stick with the job longer. Teachers in her center have been saying, "It's not a time to leave." Another Onondaga teacher, whose 1989 earnings will be $10,000 compared to her 1988 pay of $9,000, says the enhancement funds "made me feel I might stay a few more years. In past times I've gone five years with no pay raise." In Nassau, a center director who had had five different teachers in five years has been able to retain her two teachers over the summer for the first time. A center director who serves low-income families said her staff has stayed intact and are "thrilled" with the increases. They "can't wait" for each bonus. An Erie teacher commented, "If the funding would continue, people would stick around. People will think, 'I like this job, and there's this bonus. We're getting this, and it's great.'"

Several people realistically pointed out that a single year's increased funding could have but a limited influence on a situation that has been many years building--"One year is not enough." A DSS administrator in Onondaga explained that "the

enhancement is not a cure-all, but it does address the problem. It provides a line of funding that wouldn't otherwise be available. It certainly opened the door, but we hope it will be continued because we won't see the full impact until the funding is stabilized.

IMPACT ON LOW-INCOME CHILD CARE

In addition to the goal of improving staff recruitment and reducing staff turnover, the legislation was designed to achieve another objective: to expand the reach of subsidized child care in New York State. However, no specific funds were provided for this purpose. The rationale for this goal was straightforward: the legislature maintained that new sources of funding for child care services should be used in some way--however indirect--to expand services to children from low-income families who were eligible for child care. As a result, the legislation required the counties to indicate how they proposed to expand the number of children who would receive subsidized care as well as how they expected to maintain the gains in recruitment and retention of child care program staff that were achieved through the new funding.

We sought to understand how the counties would respond to the supply building component of the new program. To do this, we examined the counties' use of existing public funds for child care for low-income families and the ways in which counties would increase the number of spaces available. We had several questions here. Would the availability of the salary enhancement funds serve as an incentive for the counties to use other state funding to expand the number of child care spaces for low-income families? Would they raise their income eligibility guidelines to expand the number of families who could use publicly subsidized services?

We were also concerned about the effect of the legislation on centers' interest in supplying subsidized care. Would the availability of the salary funds encourage new centers to accept contracts from the counties to provide subsidized care? What was the counties' perception of the factors that influenced individual centers' decisions to participate in the new program? How would the legislation affect proprietary centers that were not eligible for salary funds?

Use of Public Funds for Child Care

The extent to which the salary legislation resulted in an expanded use of public funds for child care is not clear. On the one hand, in fiscal year 1989 counties claimed $39 million for low-income child care--$10 million more than the $29 million that had

been allocated for the year. This was a major increase above the $24 million claimed the previous year. Indications for this year are that the growth trend is continuing.

And yet, only two of the 35 counties that responded to our survey of all New York State local social service districts--Cattaraugus and Orleans--indicated that they had begun to use other funding because of the salary legislation. (Five counties altogether initiated child care programs this year, according to the state DSS).

The majority of counties we surveyed were already using all of the available public sources for child care services. Fully 94%, for example, indicated that they currently used the state's Low Income Day Care Program, and 85% used Title XX funds for child care.

Counties that expend all of their public funds for children they currently serve point out that they have few options for finding new funding to sustain salary improvements. One obvious one, which is directly opposite to goals of the legislation, is to cut services in order to provide higher reimbursement rates to cover higher compensation. Chautauqua gave the example of this scenario: "We could perhaps slowly cut the population we serve by not accepting more clients as some children 'age out' of day care into the school system. This would mean a gradual enhancement of salaries and a gradual lessening of service to clients, but at least we would not be cutting off current recipients of the service."

Number of Center Spaces for Subsidized Child Care

Despite the expanded use of Low-Income Day Care funding, close to one third of the counties which responded to the survey stated that the program had little or no effect on the status of subsidized care. (Other counties did not comment on the effects.) We do not know what forces were the cause of this expanded use of the Low-income Day Care program, nor do we know why counties failed to note the expansion in the use of the program.

The principle reason that counties cited for the failure to expand spaces was that the legislation did not provide additional funds for new slots. This was a crucial omission because last year almost all counties expended the low-income child care funds available to them.

It is not surprising, then, that counties felt they could not expand services. They were uncertain about their ability to continue to serve the current participants. One county, for example, stated its concern "for the problems that may be encountered by exhausting Low-Income Day Care and leaving families and providers in the abyss of no subsidy availability."

Similarly, counties reported that the salary legislation could not serve as an inducement for new centers to accept subsidized children. One county pointed out: "Presently [we are] spending our total low income day care allocation. The only means to increase slots will be to request an additional allocation from New York State Department of Social Services."

Six counties--Albany, Broome, Cortland, Erie, Orange and Warren--indicated that the legislation had generated new sources of services. Combined, these accounted for a total of 18 new centers (eight for Erie, eight for Orange, one for Cortland and one for Warren; Broome was still negotiating new contracts and Albany did not provide data).

Among these centers, the expansion of spaces was minimal. In one county, a program agreed to accept nine new children. In another, each of the participating programs agreed to accept one additional child. Moreover, of those programs that accepted new children, most were the result of increases in funding for spaces from the Low-Income Day Care Program rather than the salary enhancement funds. Close to 80% (28) of the sample counties reported that they had not contracted with new programs as a result of the legislation.

Other factors may also have impeded expansion. One frequently cited barrier was reimbursement rate levels. Several counties reported that eligible child care programs did not apply because they did not want to accept the county's reimbursement rate for subsidized children. Others stated that centers did not want to increase the number of subsidized children because the differential between the reimbursement rate and the current cost of care would have required the centers to raise parent fees to cover their losses or seek other sources of funding to cover the difference. (Adjustments due to be made in the reimbursement rate may improve the situation.)

Even those who reported that the program had little effect on the number of

spaces for low-income children served expressed support for it. One administrator from a rural county said, "I feel that the money was greatly appreciated."

The center eligibility criteria for participation in the program may also have had a limiting effect on the possibility of expanding slots. Proprietary centers--those that operate as for-profit programs--were not eligible for salary enhancement funds. While the majority of counties do not contract with proprietary programs for low-income child care, several--Erie and Chautauqua, for example--use these programs to serve subsidized children. In counties where proprietary programs provide a significant amount of the care for families, the salary enhancement funds would have had little effect on the expansion of supply because these programs could not apply for funds (see note 17). On the other hand, one county indicated that they are only using proprietary centers because not-for-profit centers in that community said they could not afford to take more subsidized children at current reimbursement rates.

Eligibility Standards

Another potential impact of the legislation on subsidized child care would be shifts in county standards for income eligibility for subsidized child care. The salary enhancement legislation contains a provision for raising eligibility waivers, under certain conditions, to 25% more than the current income eligibility maximum of 200% of the federal poverty level. The guidelines for this provision, however, had not yet been circulated to the counties. Again, the salary legislation did not appear to have a significant effect in this area. In 1989, the eligibility maximum in most counties was 175% of poverty, with the lowest at 125% in Cattauragus and the highest at 225% in Nassau. In our sample, 28 counties (80%) reported they did not change eligibility levels as a result of the new funds. Only one county in the sample reported it raised its eligibility standards.

For the most part, counties felt they could not raise eligibility standards because they did not have sufficient child care funding. Rockland county wrote: "In view of the increased demand, we would like to see larger state appropriations for day care to accompany higher eligibility ceilings, particularly in areas such as Rockland County where there are exceptionally high living costs."

County Plans to Expand the Supply of Child Care Services for Low-Income Families

Most of the counties proposed to expand the supply of low-income child care in one of three ways--by increasing the number of spaces in family day care or group family day care homes, by expanding the number of centers with which they contracted for subsidized spaces, or by raising the reimbursement rate. The largest number of counties--62%--indicated they would negotiate contracts with other child care programs such as Head Start or regional school services (Board of Cooperative Education Services) that would agree to provide additional spaces for low-income children, followed by those counties (57%) that planned to increase the number of family day care spaces.

The need to raise the reimbursement rate was commonly cited. Twenty three percent of the counties stated that they would seek an increase in the rate to encourage center programs to accept additional subsidized children. Of the counties that proposed this option, several indicated that the current rates served as a barrier to the expansion of care. Albany county clearly articulated the reasoning of many others: "A common need recognized by all centers and the district is the need for an increase in the ceiling imposed by the State for reimbursement for day care services.... Rate increases, however, must be tied to substantially increased funding for day care services for districts spending their full Title XX allocations."

Likewise, the reimbursement rate affected the programs' abilities to maintain salary increases. If the reimbursement rate is lower than the cost of care, and the center accepts a large number of subsidized children, it has to cover the costs of salary increases through other mechanisms.

According to several counties, the salary legislation was not an appropriate mechanism to attempt to increase supply. They argued that the state should provide additional funding through the reimbursement rate, if it seeks to expand the number of subsidized spaces as well as improve staff compensation. "If the State wants low-income day care," one county stated, "slot counts must expand. Subsidy dollars must increase (through the reimbursement rate) and the salary enhancement program must be

maintained."

Local Ideas for Increasing Spaces for Low-income Families

In order to be eligible to receive salary enhancement funding, day care programs had either to have a current contract with the county DSS for purchase of subsidized slots or, in the absence of a current contract, to agree to contract and accept subsidized children. The legislation also called for county plans to include "methods to increase the amount of day care provided for families having an income at or below 200% of the federal poverty level." In order for a county to benefit from the salary enhancement legislation, it would have to participate in the state's low-income program.

The counties we visited were all participating in the low-income day care program prior to the salary legislation, and they all had more demand for subsidized services than there were slots available. We wanted to know if the salary legislation had led to an increase in the number of subsidized slots, but we discovered that there was no simple answer to the question.

We found that centers which had never accepted subsidized children had, as a result of the legislation, agreed to open slots and had contracted with the county DSS for the first time. A new program had reserved four slots for subsidized children. We found that some centers that had dropped contracts had been motivated to renew them. We found that one center, which had previously had subsidized slots but had closed because of financial difficulties, was planning to reopen because of the enhancement funds. Erie county, as part of its plan, simplified the contract to encourage centers to participate.

But we also found that the number of slots that counties purchased was influenced by other factors than the legislation. How much counties spent for subsidized care depended upon how they utilized state child care funds (including funds for program start-up), Title XX and Title IV-A of the Federal Social Security Act, and any local tax levy funds. Since providing for children from low-income families is not mandated, counties such as Ulster used all Title XX funds for mandated child care services (e.g. protective and preventive services).

We also learned that not all contract allocations led to actual increases in use.

Some centers said they would accept subsidized children but claimed there was no demand at their centers for subsidized care. One rural center, for example, had had a contract for three years but only two applications for subsidized care. Another center located in a university and geared to a teaching day had been unable to take referrals under its new contract because its hours were too short.

Head Start posed a special problem in the expansion of county slots. Although almost all children in Head Start programs are low-income, they are not necessarily in contracted slots. In Nassau, the county put together a special contract for the nine Head Start sites as a result of the salary legislation. Head Start administrators there will keep separate attendance lists for DSS and Head Start children, and county DSS children will receive full Head Start services at a cost greater than the county reimbursement rate. The migrant program in Ulster is another example of a child care system serving low-income children not necessarily on county contracts. The center can only take Department of Social Services children off-season when the demand from migratory families lessens.

Not all county contracts are with the programs covered by the salary legislation. Some are with for-profit programs. Counties also contract with certified family and group family day care, and since these slots can be reimbursed at a lower rate than center-based slots and are not at present affected by salary enhancement legislation, counties may choose this route as a less expensive way to add slots. Erie stated in its county plan that it would develop more family and group family day care slots to provide low-income care (although an Erie CCR&R administrator estimated that between 60 and 70 would-be family day care providers are waiting for training).

A DSS administrator said, in describing his county, "The legislation hasn't had a tremendous impact on slots at all. There may have been some increase but not many because most centers are at capacity. You need a dropout to pick up a DSS slot. It would be easier to increase DSS slots if the reimbursement rate were higher. The waivers have helped, and now most centers have a substantial number of county children."

An administrator of a large program where 99% of the children are subsidized expressed a similar opinion. She said that although she had benefited from the salary

enhancement plan, which weights its funds toward those centers with large numbers of slots, her program still takes losses on its subsidized children. Not only were rates low but excessive absences were not reimbursed. Fifty percent of the center's children are referred for protective and preventive services, she said, "and we get killed on absences." Her program can absorb such losses with the help of private funding, but she points out that the county will have difficulty purchasing additional slots in other centers unless it offers "a straight contract" for reserved places regardless of absences.

The main constraint on expanding slots, however, appeared to be below-market reimbursement rates. If centers must take subsidized children at a loss, they may limit the number of children they accept, they may charge full-paying parents at a higher rate, or they may struggle to keep costs down by paying low salaries. When this happens, according to an Erie CCR&R administrator, "on one hand the state gives, on the other, it takes away."

PLANS FOR SUSTAINING THE GAINS OF THE SALARY LEGISLATION

As part of the application process, counties were requested to indicate how they planned to sustain the anticipated gains achieved by the salary legislation in staff recruitment and retention. Some counties responded with descriptions of county-level initiatives; others compiled the plans of the participating centers within their area. In addition, we discuss the plans that some centers proposed as well as two widely cited mechanisms for sustaining the gains of the legislation: reimbursement rates and parent fees.

County Plans

The vast majority of the counties recognized that the centers would face a difficult situation as they tried to sustain any gains in staff recruitment and retention they had achieved as a result of increased salaries or benefits. In large part, this issue was directly related to the reimbursement rate that counties paid to center programs for subsidized children. At the same time, the counties acknowledged that an increase in the reimbursement rate for subsidized children would place some programs in a tough position with regard to parents' fees (since it is illegal for centers to charge the county more than it charges parents). Thus, an increase in reimbursement rates would force some parent fees to rise, and many parents whose incomes fall just above current eligibility standards would not be able to absorb the increase.

How did the counties suggest this problem should be solved? The responses varied. Some counties clearly advocated for an increase in the reimbursement rate that would include the increases for salary enhancement. Others proposed different remedies. One county, for example, recommended that salary enhancement should be linked to special incentives for centers that serve subsidized children.

Ulster county stated that all of its participating centers were:

> committed to increasing rates charged to both the district [county] and to parents of non-subsidized children. In addition, a recently completed needs assessment done by a county-wide task force under the aegis of United Way, called for the

establishment of a scholarship fund to address those parents not eligible for public subsidation, but who are unable to afford the true cost of care.

Several other counties suggested centers should look to enhanced funding from the United Way, local corporations or foundations. These funds could then be used to offset the lost revenues caused by offering scholarships to families just above the eligibility standards for subsidized care and by implementing sliding fee scales. But the counties were well aware that such funds were hard to come by and that many centers lack expertise in fundraising. To help develop these skills, several counties identified child care resource and referral agencies and local child care coalitions as important sources of technical assistance to help centers improve their prowess in soliciting private funds.

Center Plans

The salary legislation states that in order to be eligible for funding a center "must agree, to the maximum extent feasible, to enhance its future revenues to sustain the level of staff and salary benefits as provided herein." When applying for funds, centers varied in how seriously they considered this stipulation. There was a general attitude that centers had already attempted to enhance their revenues as much as possible. A center director said that she understood from the briefing session that the state couldn't enforce the maintenance of effort requirement. Centers who had had previous dealings with the state and county "felt more at ease" about not being able to actually raise additional monies. Those centers, however, who were newcomers to county funding took the requirement more seriously. Some had real fears that the state might recall their grants if additional sources of funding could not be secured.

The legislation lists revenue sources as fees, donations, grants, revenue from local governments and revenue from state agencies; but centers are financed mainly by reimbursement for subsidized slots and by parent fees. Those centers which had a large proportion of subsidized slots could sustain an increased level of expenditure if their reimbursement rate could be raised to cover the increased costs. Some of the "mixed" centers, those with a combination of subsidized and nonsubsidized children, would need to increase their parent fees unless they could find substantial outside funding.

Centers considered a variety of other sources of revenue, but few appeared dependable. Some centers, lodged within larger organizations, such as a church or college, hoped that their sponsors might help out, but these sponsors were more likely to be pushing the centers toward financial independence. Two center directors said they might seek future funding from local employers but were not sure that they would be successful because, as one said, the larger community was not aware of the salary problem.

United Way was often mentioned as another source of day care financing, but these funds were earmarked for scholarships. Centers that held fundraising events, such as fairs or food sales, said that money raised from these events usually went to scholarships or equipment. Raising teacher salaries would not appeal as much as a fundraising goal nor would it produce a dependable amount. Only one center, which was administered by a multi-service umbrella agency, described a large and diversified funding base. Thirty percent of its funds came from a combination of direct solicitation, foundation grants, and trusts.

Centers had little ability to raise funds on their own nor did they have much hope of increased local public funding for salaries. In Nassau, where the county has a salary enhancement plan of its own, county funds and state funds supplement each other. Under the county plan, money for teachers' salaries in centers with DSS contracts will be phased in over a three-year period. Each qualifying teacher's current salary will increase by the same amount ($2,500 the first year, $4,500 the second year, and $6,500 the third year for head teachers). The county funds are earmarked for teacher and assistant teacher salaries only. Since the guidelines for the state funding allow more latitude, (benefits and bonuses in addition to salaries, and supervisory staff in addition to classroom staff), Nassau centers tend to spend their state funds on expenditures not allowed under county funding (such as covering additional staff). Both funding streams operate side by side and one cannot be substituted for the other. In Erie, administrators were hopeful that the city of Buffalo or the county might increase funding for day care next year, but were not counting on its being earmarked for salaries. One teacher also mentioned federal child care legislation as a potential source of additional funding for salaries.

The overall reaction from centers was that enhancing revenues, unless by reimbursement rates, would be difficult. One center director succinctly stated the dilemma of having to explain how state funds could be sustained by other sources of income when she commented, "It's a Catch-22. You have to show that the money isn't needed in order to get it." Those centers which had put their funds in bonuses or benefits generally assumed that if the salary enhancement grants were not reallocated, they would be forced to curtail their expenditures as they could foresee no substitute source of funding.

Sustaining Gains Through Reimbursement Rates

Subsidized care for the children of low-income parents is financed by a system of reimbursement to centers for "slots," or spaces in programs, which the county purchases with a combination of federal, state, and local funds. Currently, the state sets the reimbursement rate maximum at $60.00 a week per child. Since counties are given a large degree of administrative control over child care spending, however, they can decide to set reimbursement rates *below* $60.00 per child or, by applying for a waiver from the state, set rates *above* $60.00 to cover higher costs of care.

To be eligible for subsidized slots, families must qualify by income. Currently, the state has set a maximum of 200% of federal poverty level for a family of four as the maximum income a family can earn and still be eligible for subsidized child care. Counties can, however, also set their maximum eligibility levels at less than 200% of poverty or, under Title XX funding guidelines, raise eligibility levels up to 275% of poverty to make more families eligible for subsidized care.

One of the theories behind the salary legislation was that it would act to "prime the pump," that is, to stimulate increased expenditures on salaries and benefits. According to the theory, increased expenditures on salaries and benefits could be used to justify a raise in reimbursement rates to cover increased costs. Since the reimbursement rate cannot be more than what is charged to full-paying parents, their fees would also increase. To offset the effect of fee increases, more families would be made eligible for subsidy by raising the eligibility rates as well.

New York State Senator Tarky Lombardi, Jr. described how this would work in a

memo which he sent to child care advocates in Onondaga county on July 8, 1988, describing Senate proposals for salary legislation:

> Grants to increase salaries: Funded from the money for salary increases in the [state] budget, these are equalized on a per worker basis in Upstate communities at about $1000/worker.
>
> Rate increases: As the grants phase out in mid-year, rate increases phase in to take their place, to assure continuing benefits. This results in an additional $1000 per worker by the end of 1989.
>
> Eligibility increases: To offset the higher costs (about $3/week), the Senate program also requires an increase in income levels for subsidized care. We would increase eligibility to 250% of the poverty level on April 1 of next year, [1989], with permission to DSS to grant increases up to 300% of the poverty level. This would provide help to families making as much as $30,000 per year.

Despite these hopes for "priming the pump," we found little evidence of this process by the time of our interviews. Since local reimbursement rates are often set below the actual cost of care, day care administrators were not optimistic that counties would raise rates to cover the cost of increased salaries. Head Start programs, which are directly funded primarily with federal funds, rather than through a state-administered reimbursement rate, would not ordinarily benefit from rate increases.

Another problem was that not all low-income children were subsidized by the county and so the centers that served these children would not benefit from an increase in reimbursement rates. These centers try, as much as possible, to draw on outside funds for "scholarships." United Way funds are commonly used for these children or for formerly-subsidized children whose family earnings have increased just enough to put them over the eligibility line, "the notch."

Although program directors wanted increases in reimbursement rates, they worried about the consequential increase in parent fees. Programs enrolling a very high percentage of subsidized children could sustain salary enhancement almost solely by increased reimbursement rates. "Mixed" centers, where subsidized slots account for only part of a program's enrollment, would have to charge parents higher fees to sustain salary increases, and low-income parents might be forced to withdraw their children unless eligibility levels could be substantially raised or additional outside sources tapped for scholarship support.

A CCR&R administrator in Ulster summed up the dilemma for low-income

parents. Single mothers, she explained, often decide to go back to work when their children are about two and can be placed in subsidized care. By the time the child is four, the mother has probably earned a raise, which would make her ineligible for subsidy, but would not cover the $4,000- to $5,000-a-year increase she would have to pay for the full cost of child care. Scholarship funds to carry families over the transitional time are inadequate. Unless eligibility can be raised and subsidies increased, "It's like being in a box," the administrator says. "There's a wall in each direction."

Of the counties we visited, only Nassau's 225% eligibility rate had been set above 200%, and that had been raised prior to the salary legislation for the expenditure of Title XX funds in addition to state funds. In the other counties we visited, all their low-income money, they said, had been spent at lower levels of eligibility--that is, the demand for services was still not met even after their full budget for low-income child care had been spent. Onondaga wrote in its county plan, for example:

> The County of Onondaga is, at present, expending our total low-income day care grant. In addition, we are above the ceiling for allowable day care expenditures. We do not anticipate any changes in the foreseeable future.

In a county where the eligibility rate is relatively high, a Department of Social Services administrator did not think the effect of raising reimbursement rates would be too damaging to parents. He pointed out that lower-income families are not spread out geographically but are clustered in small areas and so programs in those areas have almost all the subsidized slots. The rest of the "mixed" centers in more affluent neighborhoods have only a small proportion of subsidized children, and parents there would have to pay more. But he thinks they can. "It would mean giving up the fourth television set," he commented wryly.

One of the side-effects of the salary legislation in the counties we visited was to stimulate applications for waivers for raising reimbursement rates even before the enhancement funds had been received and added to center budgets. The requests for waivers for higher rates was based on the fact that many centers had been operating on reimbursement rates that were less than market rates and less than what their full-paying parents paid.

In Erie, many centers were not aware that they could individually apply for

reimbursement waivers. When program directors met together for briefing sessions on applying for salary enhancement funds, they also exchanged information about waivers. Since the salary enhancement fund applications required much of the same information and cost analysis as the waiver applications, center directors applied for both salary funds and reimbursement waivers.

Department of Social Services administrators also wondered how high counties would go in raising reimbursement rates. Even so, some favored raising reimbursement rates as one part of the long-term solution for sustaining salary enhancement. One Department of Social Services administrator said that unless the funds are put into rates, the legislation is too uncertain, with no long-range planning possible. But he would also change the reimbursement procedure to suspend waivers and pay market rates.

Sustaining Gains through Parent Fees

Since a major source of center revenue is parent fees, we asked questions during our site visits about raising fees as a way of increasing teacher compensation. Fees for parents who paid in full (as opposed to those whose fees were subsidized by public or private funds) varied from $63.00 to $100.00 a week for preschool-age children in the centers where we interviewed. Centers regularly raised their fees to cover increased costs, but program directors were divided on deciding whether they would raise fees as a way of supporting teacher salaries and benefits if funds are not reallocated.

Center directors were extremely reluctant to raise fees substantially. Some said that if fees went up, they would lose enrollment, probably to less costly child care arrangements of lower quality. "They'll go underground," said one administrator. The director of a center in a community college who has used her funds to raise salaries said that if she is forced to raise fees to cover the costs, she will lose children. "The college students are single mothers trying to get onto their feet," she said. "They get financial aid for college and so aren't eligible for DSS slots. The majority are young--maybe living with their parents or with a boyfriend. Some hand us their whole check to pay for child care."

Teachers, many of them parents themselves, were in general sympathetic to

keeping fees low for parents, even if it meant having to accept bonuses or benefits rather than salary raises. Asked about raising fees, a teacher in a center with low-income parents said, "They just went up. They're high enough, $73.50 a week, and most parents have two, three, four kids." Another teacher commented, "We've raised fees so much. I don't know. They scare you and say they'll take their kids out." In another low-income center a teacher reported, "We just raised fees and parents panicked. They say it's as high as it can go."

Parents themselves were divided on the feasibility of increasing fees. Since parents often sit on program boards, they were represented at a decision-making level on the use of the funds. Many voted to put the funds in as bonuses and benefits rather than salaries so that fees would not be at risk of increase. But others we interviewed, particularly in "mixed" centers with middle-income, full-paying parents, felt parents could pay more. "The cost of child care should be high for the services given," said one. "Parents will complain forever about costs," said another, "but when you think what you get, this center is really great."

When another parent was asked about increasing fees, she answered:

> I'd hate to say that fees should be increased--everyone is always griping about the fees. But we're a two-professional career family. My husband's an engineer. We could afford to pay more. But there are some families in the center--like two teachers--who would be forced to pull out. I wish there could be some kind of pro-rated system where you pay according to your salary.

A father who had sent letters to elected officials urging salary legislation said, "If the money comes from the state, then the fees won't go up. But even if they did, we would be willing to pay more. As our child gets older, we've paid less, but our earnings have gone up." A parent board member said that in her center full-paying parents pay a private rate that helps to subsidize the DSS children in the center as well as taxes which go to support child care. Even so, she thought increasing parent fees would be "no problem" if parent's eligibility for subsidy were also increased.

CONCLUSIONS

This evaluation has provided an opportunity to gather up-to-date information on early childhood recruitment and retention problems in New York State as well as to assess the initial impact of the New York State salary enhancement legislation on these problems, although it is too early to tell its complete effects.

The news on recruitment and retention problems before the legislation was implemented was bad: center directors ranked their the task of recruiting and retaining classroom and supervisory staff as "difficult." Turnover rates remained high: exceeding 30% for teachers in most programs and reaching 57% for classroom aides and assistants in Upstate day care centers. This was not surprising given low staff salaries: Upstate Head Start and day care centers reported full-time teachers received $6.08 an hour on average; full-time assistants, $5.02 an hour; and directors, an average of $10.08 an hour. In addition our review of conditions before the salary legislation was enacted seemed to indicate that program quality was suffering as a result of low budget expenditures on staff compensation.

The early results of the legislation are promising. In New York City fully subsidized day care centers, the only centers which have had the funding for a full year, turnover rates for classroom and supervisory have fallen considerably. These changes suggest that funding distributed over the course of a full year can lead to substantial improvements in recruitment and retention.

Equally positive, the allocation of the funding across the state was accomplished equitably across counties and program types statewide in accordance with the goals of the legislation. Unfortunately, delays in receipt of the funds hampered our ability to fully evaluate changes in recruitment and retention in Upstate New York and in certain programs in New York City, but preliminary results show some improvement.

The improvements point to the need to continue the grants program so that centers can maintain the gains they achieved in the first year. In addition, delays that most centers experienced in receiving the funds suggest the need to continue the program to provide an opportunity to evaluate its effectiveness for the rest of the state.

The legislation has not yet achieved its objectives to increase the number of spaces available for low-income children, to raise eligibility standards, or to increase the use of public funds for child care. In FY 1988, most counties spent all of the state child care allocations available to them and yet did not serve all eligible children. Our evaluation indicates that *if counties are to be expected to meet the rising demand to serve poor children with good quality programs, they will need higher amounts of public child care funding to cover additional children as well as higher reimbursement rates for improved staff salaries*. These rates are needed to attract additional providers or encourage current providers to take more subsidized children.

Finally, we found that many center directors and boards of directors lack information about successful techniques for raising revenues through such mechanisms as sliding scale fees and innovative budget techniques. Like many small businesses, not-for-profit child care centers could benefit from technical assistance to help them increase revenues or reallocate current funding from private and public sources to spend on improved staff compensation. These methods could improve centers' ability to pay higher wages and extended benefits. Their current methods--bake sales and raffles--will never be adequate.

RECOMMENDATIONS

Continue the Salary Enhancement Grants program allocation for not-for-profit child care centers at same level plus cost of living adjustments.

Centers need continued help to maintain the gains achieved in the first year of the grants program: given the current mix of private and public funding on which centers depend, it is not possible for centers to sustain the compensation spending levels without continued special funding from the public sector.

Gradually raise maximum reimbursement rates to centers serving subsidized children to levels that will cover the costs of salaries and benefits that attract and retain staff.

Centers that serve subsidized children cannot be expected to raise the necessary funding to sustain the benefits of the salary enhancement grants program to cover subsidized children. They will need to capture the gains they have achieved through increases in reimbursement rates.

Increase subsidized child care allocations to counties to levels that would enable them to provide subsidies to all families at or below 200% of poverty.

In FY 1989, most counties spent all of the state child care allocation available to them and yet did not serve all eligible children. Thus, if centers are to be expected to meet the rising demand to serve poor children with good quality programs, they need public funds to cover the cost of providing this care.

Allocate funding for technical assistance to not-for-profit centers designed to help them raise their revenues and reallocate funding from private and public sources to spend on compensation improvements.

Like many small businesses, not-for-profit child care centers which participated in the program could benefit from technical assistance to help them increase revenues or reallocate current funding from private and public sources to spend on improved staff compensation. These methods could improve centers' ability to pay for higher wages and extended benefits.

ENDNOTES

1. The quality measures consisted of observations of classroom structure, overall quality, and interactions between the teaching staff and children. Quality was assessed with the Early Childhood Rating Scale (Harms and Clifford, 1980), the Infant - Toddler Environment Rating Scale (Harms, Cryer, and Clifford, 1980), and the scale of staff sensitivity (Arnett, in press).

2. One reason for the shortage of models is the diversity of child care services and funding sources make consensus on strategies for improving salaries difficult to achieve. Whitebook et. al. (1986), in their report on the few child care centers, systems, cities and states that have developed new policies aimed at improving staff compensation, state:

> Because of the enormous diversity in child care programs, funding, regulation and structure, reaching consensus on a strategy for improving salaries may seem insurmountable. A workable solution for raising salaries in one program may offer little for the staff of another (page ii).

New York is no exception. It is a large and varied state. Counties range from large metropolitan centers to sparsely populated rural areas; from areas of high employment to those of high unemployment; and from the fully subsidized Agency for Child Development in New York City, which serves 70,713 children a year, to counties that do not subsidize child care.

The four other states which have developed programs have chosen routes deemed appropriate to their unique circumstances. In Alaska, The Child Care Grant Program provides funds for centers and homes which serve subsidized children. The funds can be used for a variety of purposes but 90% are being used to increase salaries. Providers receive a set amount per month ($25 the first year) for each child served. Connecticut's legislature appropriated funds to raise the pay schedules for teachers in state funded centers. Massachusetts allocated funds to raise child care providers' salaries in programs that contracted with the state. Programs apply for funds in order

to bring their staff wages into line with the Governor's recommendations, and staff with the lowest salaries receive the largest raises. In Minnesota, legislation is designed to reward those child care programs that pay higher salaries (Whitebook et. al. 1988).

However, few state salary initiatives have been evaluated to provide information on the effects of such efforts. Alaska's Child Care Grant Program most closely resembles New York's legislation in its plan of disbursement, and although Alaska was the first state (in 1981) to pass salary legislation, its grant program has not yet been formally evaluated. Of the five state plans that have been enacted, Massachusetts has been most extensively evaluated, but never on a complete and comprehensive basis.

The "Final Report of the Governor's Day Care Partnership Initiative," issued by the Commonwealth of Massachusetts (1987) described the state's salary upgrading of child care worker salaries in centers which contract with the state. Seventy-four percent of eligible programs elected to participate in the wage upgrading and nonparticipation was generally attributed to a program's inability to charge equivalent fees to nonsubsidized parents. Salaries not only improved in programs with state contracts but "there has been spillover to other programs which compete for the same pool of child care workers" (p.31).

Johnston, Leonard, and Chandler (1988) analyzed the economics of child care in Massachusetts following the Governor's Day Care Partnership Project, which included the salary upgrading. Since July of 1985 the upgrading has resulted in a wage increase of more than 40 percent, resulting in increased costs for centers, and therefore, increased tuition for parents. The report proposes various alternatives for addressing Massachusetts' affordability issue.

A study of the impact of $2.8 million of state supplemental funds for Massachusetts Head Start, to be used to improve staff salaries and wages so that programs would be better able to attract and retain qualified staff, showed that the grant had a positive effect on programs and on staff. Turnover due to low pay

substantially decreased, staff morale improved, and programs were able to attract well qualified staff more quickly (Goodman and Brady, 1987).

3. The recently released National Child Care Staffing Study (in press) found that average teacher wages in not-for-profit non-church-based programs average $6.40 an hour, almost identical to the rate we found in Upstate New York. Church-based programs reported average teachers wages of $5.04 an hour. They calculated turnover rates differently than we have. They found turnover rates for teachers of 30% in non-profit non-church based programs and 36% in church-sponsored programs.

4. The certification standards are complex in New York City. At the risk of oversimplification, we can say that early childhood teachers working in public schools as well as teachers in Head Start and fully subsidized day care programs are required to have or be working towards full certification. Full certification typically requires a Masters' degree in a functionally related field of education, two years paid teaching experience, and certain additional education and/or child development coursework.

5. The analysis procedure used was one-way analysis of variance with the independent variable being county and the dependent variable being average per FTE staff allocations. A significant differ ıce noted for FTE staff allocation implies a difference among counties. All tests of significance were conducted with $p < .05$. Overall findings of significance were further analyzed using post-hoc Scheffe procedures. There was a significant difference among counties as described in the text.

6. Only Erie county received a significantly higher average allocation per FTE staff: $3,220.07. Erie's high allocation appears to be a result of the distribution formula which allocated funding to counties with high populations (such as Erie) according to

the county's proportion of children under six and the county's percentage of low-income child care reimbursement claims but which allocated funding to smaller counties based on their share of all other eligible not-for-profit child care center capacity in the state. Erie also had a slightly more modest participation rate among eligible centers.

Erie's high allocation appears to be the result of two factors. First, the legislation's distribution formula allocated money first to counties with populations of over one million, according to their portion of the state's population of children under age six, and their proportion of the state's total claims for reimbursement for low-income, transitional and teen parent child care programs. Since Erie has just over one million residents, has the fourth largest population of young children in the state and the fourth largest number of child care reimbursement claims, the county received a slightly higher allocation per number of eligible centers than other counties. Second, there appears to be a modestly lower rate of participation among eligible centers in Erie county, which inflated the per FTE staff allocation.

7. The responses were classified into five tables using the crosstabulation procedures. The tables tabulated the five categories of program type and location (New York City fully subsidized day care, New York City Head Start, New York City partially subsidized day care, Upstate Head Start, and Upstate day care) by the per FTE staff allocation, the average number of FTE staff, the per position allocation, the average number of staff positions, the per low-income child allocation, and the average number of FTE low-income children, respectively.

8. The analysis procedure used was one-way analysis of variance with the independent variable being program type and location (New York City fully subsidized day care, New York City Head Start, New York City partially subsidized day care, Upstate Head Start, and Upstate day care) and the dependent variable being average

per FTE staff allocations. There were significant differences as described in the text ($F = 20.00, p < .01$).

9. Most of the counties planned to divide their 20% allocation equally between the total numbers of FTE staff and total numbers of FTE low-income children. A few districts--Broome and Franklin--allocated all of the 20% funds based on numbers of staff; while several others--Dutchess and Clinton--planned to distribute them based on numbers of low-income children served in each center.

10. The analysis procedure used was one-way analysis of variance with the independent variable being program type and location (New York City fully subsidized Day Care, New York City Head Start, New York City partially subsidized day care, Upstate Head Start, and Upstate day care) and the dependent variable being average per FTE low-income children. There were significant differences ($F = 104.34, p < .01$): NYC fully subsidized Day Care has significantly more low-income children on average than all other programs; and Upstate Head Start has significantly more low-income children on average than both New York City partially subsidized day care and Upstate day care.

11. The analysis procedure used was one-way analysis of variance with the independent variable being program type and location (New York City fully subsidized Day Care, New York City Head Start, New York City partially subsidized day care, Upstate Head Start, and Upstate day care) and the dependent variable being average per FTE staff children. There were significant differences ($F = 6.10, p < .01$): ACD Day Care has significantly more FTE staff on average than non-New York City Head Start and New York City private programs.

12. We probed the data to understand why Upstate Head Start programs had lower numbers of FTE staff than all other programs, since we knew that these programs typically have high numbers of administrative staff, such as educational directors and health specialists, many of whom would be covered by this legislation. We speculated that the lower number of FTE staff is because the program is typically part-day and has many part-time staff. This is borne out in our calculation of the number of filled positions each center reported as a part of their applications for funding. According to these self-reports, there is no significant difference between the average number of staff positions by program type ($F = 1.24$, $p = .30$).

13. Within each of these five categories we tallied the answers from those centers who planned to use their funding for the primary response option and any combination of additional options. For example, the raise category includes centers that indicated they would spend the funding on raises only; raises and fringe benefits; raise and some other category; and raises, fringe benefits and some other category.

14. We conducted a t-test for correlated samples. Both samples included on those Head Start centers from whom we had received responses both in January and September. Our first sample was of turnover rates for these centers in January. Our second sample was of turnover rates for these same centers in September. Our t value for teacher turnover was equal to -0.77 ($p < .45$). For teacher vacancies; t value = -0.19 ($p < .85$).

15. As above, we conducted a t-test for correlated samples. This procedure used supervisor turnover and vacancy rates for Head Start centers from whom we had received responses both in January and September. Supervisor turnover: t value = -1.75 ($p < .09$). Supervisor vacancies: t value = -0.79 ($p < .44$).

16. As in note 15 above, we conducted a t-test for correlated samples. This procedure used assistant teacher turnover and vacancy rates for Head Start centers from whom we had received responses both in January and September. Assistant turnover: t value = -1.81 ($p < .08$). Assistant vacancies: t value = -2.16 ($p < .04$).

17. Chautauqua county indicated that the three proprietary centers with which it contracted served 40% of its subsidized children.

18. For example, all the surveys asked respondents to list the number of vacancies in their program at the current time, any turnover they had had during the year, and the average duration that positions were vacant. Some respondents said that they have no vacancies and no turnover but did fill in a number of weeks during which positions were vacant. In these instances, if we could accurately determine why the respondent answered in this manner, we retained the answer. Logical inconsistencies unable to be resolved were addressed by deleting the inconsistent responses prior to data entry, treating such cases as missing values.

19. Surveys were sent directly to all fully subsidized Day Care centers, eligible child care centers in New York City and Upstate New York, and about two-thirds of fully subsidized Head Start centers. Approximately one-third of fully subsidized Head Start programs were sent surveys through the agency that supervises their centers and holds the contract to operate their Head Start center (e.g., Archdiocese of New York). In each case, these supervising agencies indicated to us that they would complete the survey for the selected centers under their umbrella.

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APPENDIX

METHODOLOGY

Center Surveys

Sample Selection. Using lists provided by various public agencies, we drew a random sample of seventy-five percent of the not-for-profit child care centers (including Head Start) in New York State that participated in the salary legislation. Overall, we sent surveys to 811 not-for-profit centers. This included 432 centers in New York City: 262 mostly unionized centers that were fully subsidized by the Agency for Child Development (called "fully subsidized day care" throughout this report); 100 fully federally subsidized mostly unionized Head Start centers; and 70 partially subsidized day care centers that served both fully private fee-paying and publicly subsidized families. The remaining 379 centers were located outside of New York City (which are referred to throughout as "Upstate" New York) and served a mix of fully private fee-paying and publicly subsidized families.

Procedures and Instruments. With the exception of New York City Head Start centers, each center was surveyed three times in 1989 as a part of this evaluation: once in January, once in May and a third time in September. We did not survey the New York City Head Start centers in January because they were in the midst of union contract negotiations. The January survey was designed to assess recruitment and retention *before* the effects of the salary legislation, and the May and September surveys were designed to assess the impact *after* centers had received funding. Because the union representing fully subsidized day care workers settled a new union contract in September 1988 that included provisions for spending the enhancement funding, the January results for fully New York City day care centers represented an early glimpse of the impact of the union contract.

In January and May, we sent each selected center a packet which contained a letter that described the study, a survey instrument, and a self-addressed, stamped return envelope. In May and September, a summary fact sheet indicating preliminary results to the evaluation was added to each packet.

The basic three-page, fixed-response survey, which was expected to take less than ten minutes to complete, contained questions in five categories: (a) *recruitment and retention,* to assess the degree of difficulty the center was having recruiting and retain staff; (b) *perceived impact of the enhancement program or union contract,* to determine the effect of the salary legislation or union contract on recruitment and retention at their center; (c) *turnover and vacancy information,* to provide raw data that we could use to calculate turnover and vacancy rates; (d) *plans and actual use of enhancement program funding,* to document how centers planned to use and actually used the salary legislation money and why these spending decisions were made; and (e) *more information,* to offer directors an opportunity to add any additional information they felt would aid our evaluation. The May survey, which was seven pages long, also asked questions about the education and certification levels of staff.

We used two versions of the January, May and September survey instruments: one for the 362 unionized centers and one for the 449 non-unionized centers. Each version was parallel in content, with specific questions modified with language and response options reflecting the differences between systems. For example, for the unionized day care and Head Start centers we deleted questions asking them to explain how they spent the funding since this was codified in their contract agreements.

Approximately ten days after the initial mailings, we sent a follow-up postcard to all sample centers, thanking those who had already responded, and encouraging those who had not to do so. In addition, for the January and September surveys, we mailed another complete packet to all those centers from who we had not yet received a response, approximately ten days after the postcards were sent, emphasizing the

importance of returning the survey.

Project staff reviewed each survey that was returned to ensure legibility and resolve inconsistencies (see note 18). The supervisor of all three surveys gave a final review of all surveys to ensure consistency of judgement among project staff and as a final check on accuracy of coding.

Response Rates. We sent packets to the same 75% sample of participating centers for all three surveys (see note 19). When we calculated the response rates, we made two conservative assumptions. First, we assumed that all the packets reached individuals prepared to complete the questionnaire. Second, we assumed that no centers had shut down during the ten month period of our research. Our response rates reflect the number of usable teacher surveys returned for each of the three surveys (see table 15).

Our May response rate was exceedingly low. As a result, we have not reported the results of that survey in this evaluation. Why was the response so poor? According to the anecdotal information we have gleaned from the surveys and discussions with center directors and staff in child care resource and referral agencies, it was because the majority of centers had not yet received their funding and did not see the value of returning a survey designed to assess the preliminary impact of the funding. In addition, this survey was longer than the instruments used in January and September and, due to time and cost constraints, we were not able to send a follow-up packet to non-respondents in May.

The State Department of Social Service Data

Sample and Response Rates. The State Department of Social Services provided us with six databases of information. These databases contained the answers from the 1086 centers that submitted applications for salary enhancement funds. The application responses fell into six areas: (a) *county information*, giving the numbers of centers

Table15

Response Rates by Program Type

	January		May (omitted from report)		September	
	Number of Respondents	Response Rate	Number of Respondents	Response Rate	Number of Respondents	Response Rate
New York City Fully Subsidized Day Care	141	54%	55	22%	136	52%
New York City Head Start	N/A	N/A	31	31%	47	47%
New York City Partially Subsidized Day Care	45	64	23	34%	45	64%
Upstate Head Start	42	52	13	33%	198	52%
Upstate Day Care	196		108			

participating by county, the agency or organization administering the program in that county, and how much money was allocated to that county; (b) *allotment*, indicating the numbers of staff and children covered by the salary legislation and the amounts allocated to each center; (c) *personnel listing*, with the hours of work per week and the hourly and the weekly salaries of center employees; (d) *budget figures*, compiling previous years' budgets and actual expenses, and this year's budget; (e) *daily rates*, with the full-time and part-time rates charged by centers to parents and received by centers in subsidies by the age of children served; and (f) *capacity figures*, that described the capacity of each center by age of children served and whether the children's families are at or below 200% of the poverty level.

Unfortunately, much of the database information could not be used because it was too incomplete to draw accurate conclusions. The *county information*, with information on all 58 county social service departments, and the *allotment information*, with 51 of 53 participating counties reporting, was sufficiently complete to be used in this evaluation. We are modestly confident that the *personnel listings*, with 35 of 53 counties reporting (66%) from 226 centers (43% of Upstate center) could give a reasonable picture of the salary situation in non-unionized centers before the enhancement funding was received by centers. *Budget figures* were reported from 41 counties for 514 centers (including 98% of all participating Upstate and New York City partially subsidized centers). The overwhelming majority only submitted their current budgets without actual income and expenses figures for last year. This eliminated our ability to assess anything about their actual revenues or expenditures, but provided us with data to assess the implications of budget projections.

By contrast, the remaining data was very weak. The *daily rates*, with 30 counties reporting (57%), but only 122 centers (11%) contributing complete information, and *capacity figures*, with only three counties (6%) reporting, were far too incomplete to rely upon.

Instruments and Procedures. We received these databases from the State Department of Social Services on dBase III software. We then transferred it to the statistical software program SPSS-PC for analysis.

County Department of Social Services Plans

Sample and Response Rates. The State Department of Social Services provided us with the completed plans which counties submitted as a part of the application process for 41 of the 53 participating counties (77%).

Procedures. These county surveys were then coded and the different questions were arranged on several tables. These questions fell into 2 categories: (a) *methods the county planned to use to increase the amount of low-income child care they provide to families at or below 200% of the poverty level* and (b) *steps they planned to take to sustain the gains in recruitment and retention achieved by the SEL funds*. These charts were then analyzed to assess patterns and diversity in planning processes and variations in perceptions of available options and actual plans for maintaining salary enhancement gains.

County Survey

Sample and Response Rates. Using labels provided to us by the State Department of Social Services, we surveyed all 58 counties in the state. In total, 35 counties (60%) responded.

Instruments and Procedures. In September, each county was sent a packet that contained a letter that described the study, a survey instrument, and a self-addressed, stamped return envelope. The six-page survey, which was expected to take about 20 minutes to complete, contained questions in eight areas: (a) *overview of the counties' child care funding sources*, to determine the district's participation in a variety of subsidized child care programs; (b) *centers participating in the salary legislation*, to gauge

how many centers in the county participated in the salary legislation and agreed to accept low-income children for the first time; (c) *profile of numbers of children from poor families,* that sought information on the number of children who received subsidized care and the number who were subsidized by the salary legislation; (d) *reimbursement rates*, asking the current reimbursement rates in the county by age of child; (e) *income guidelines*, determining the county's current income guidelines for subsidized child care; (f) *interaction with the child care community,* asking questions about how the SEL has affected their interaction with the local child care community; and (g) *evaluation of the salary legislation,* asking county social service administrators to assess the program and suggest how salary enhancement monies be distributed if they were made available again, (h) *more information,* asking administrators an open ended question requesting any additional information they felt would aid our evaluation.

Site Visits

In addition to the quantitative data, we gathered qualitative data by conducting interviews during four site visits to selected counties. Our purpose was to increase our understanding of the effects of the salary legislation at the local administrative level. By interviewing in the field, we intended to illuminate our statistics with specific examples of how decisions were made at various levels of administration and what consequences ensued in particular settings. Legislation is never uniformly applied across all localities as overall statistical analysis might imply. We hoped by enlarging our analysis to include qualitative data from the field to illustrate how the legislation was adapted within a variety of local contexts.

We spent two or three days interviewing in each of four counties--Erie, Nassau, Onondaga, and Ulster. At each site we interviewed representatives of the local Departments of Social Services in charge of administering the legislation, heads of local child care resource and referral agencies, program directors in day care and Head Start

centers (including a sample of directors who did not apply for the funds), staff members, and parents of children in the funded centers.

We selected the four counties for their diversity (see table 16). We chose three high-population counties because we felt they would yield more data from a larger variety of circumstances. These three, Erie, Nassau, and Onondaga, represent state Department of Labor Metropolitan Statistical Areas in widely differing regions. Ulster, the fourth county, represents a less-populated, more rural area. Erie and Nassau each have more than one million population, but Erie has more rural areas while Nassau has a more suburban population. Onondaga, with half a million population is even more rural but has a relatively high number of programs and of low-income families. Ulster, the least populated and most rural, has only a small number of centers.

Each of the four counties has an active child care resource and referral agency, which served as a base and resource for our data collecting process. Neither Erie nor Ulster programs had received their funds at the time of our interviews. Nassau programs were in the process of receiving funds, and Onondaga programs had already received part of their funds by the time of the interviews.

As preliminary preparation for each county visit, we made appointments with local Department of Social Services administrators, with the director of the local child care resource and referral agency, and with the local Head Start administrator. We then used th e initial interviews as leads to program directors, who, in turn, gave us the names of staff members and parents. In addition, we interviewed center directors listed in each county's roster of licensed day care. (These lists included all licensed programs, not only those eligible for salary funds.)

Although we attempted to include a variety of programs--large and small; urban, suburban, and rural; and those with a large proportion of subsidized children and those with only a small number--our informants spoke as individuals rather than as representatives of statistically identified groups. Center directors controlled which staff

Table16

Characteristics of Counties Visited

	Erie	Nassau	Onondaga	Ulster
Population	1,015,472	1,321,582	463,920	158,158
Population Per Square Mile	971	4605	591	140
Percent of Families with Children Under 5 below 125% of Poverty	1.9	0.5	1.7	1.9
Total Salary Enhancement Allocation	$576,678	$399,394	$291,294	$60,392
Number of Participating Programs	47	40	35	5
Number of FTE Low-Income Children in Participating Programs	1530	1204	851	147
New York State Department of Labor Median Hourly Wage for Pre-school Teachers	$5.50 (Buffalo Area)	$6.50 (Nassau Suffolk Area)	$3.50 (Syracuse Area)	(Not Available)

members we interviewed (but this appeared to be dictated almost entirely by which ones could leave their classrooms long enough to talk to us). Center directors also gave us the names of parents we might interview (and these appeared to be those parents who had been most active in advocating for higher staff compensation).

We conducted our interviews face-to-face and at the informants' place of work whenever feasible. We hoped by this method to make the interviews as informal and open as possible. By visiting program sites we gained increased understanding of the practicalities of administering the legislation. In the case of parents, however, we interviewed (with one exception) by telephone for their convenience. We also interviewed by telephone those program directors who did not apply for salary funds. Altogether we interviewed 18 administrators, 25 program directors, 18 staff members, and eight parents for a total of 69 interviews at 25 different program or administrative sites (see table 17).

Although we asked open-ended questions during our interviews, rather than using questionnaires, we structured the questions around five domains:

- effects of the legislation on recruitment, retention, and turnover;
- barriers to effective administration of the funds;
- "side effects" of the legislation, aside from its stated intent;
- effects on supply of low-income child care services; and
- effects on other funding sources, public and private, including parent fees.

Some informants, of course, offered more information about one domain than about others. As we proceeded, we became more detailed in our questioning in those areas where informants were most knowledgeable. What we learned in the early interviews generated additional questions, which we incorporated into subsequent inquiry. As we completed fieldwork in each county, we entered the notes from our interviews into a

Table 17
Interviews in Counties Visited

	Erie	Nassau	Onondaga	Ulster	Total
Dept. of Social Service Administrators	4	3	7	4	18
Center Directors	9	2	9	5	25
Staff	4	4	6	4	18
Parents	2	2	2	2	8
Total	19	11	24	15	69
Sites Visited	7	5	7	6	25

computerized data-based management system. We then separately coded each of the records according to content. When the computerized information was assembled and organized according to the code topics, we were able to form an outline for reporting our results, using categories that emerged from the accumulated data.